珠海控股投資集團有限公司

ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)（於百慕達註冊成立之有限公司）

Stock Code 股份代號: 00908

2020 年報 ANNUAL REPORT

ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
珠海控股投資集團有限公司

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zeng Jianping
(appointed as the *Chairman* on 29 June 2020)
Mr. Huang Xin (retired on 29 June 2020)
Mr. Jin Tao *(Chief Executive Officer)*
Mr. Ye Yuhong
Mr. Li Wenjun

Non-Executive Directors

Datuk Wira Lim Hock Guan
(resigned on 29 May 2020)
(Mr. Lim Seng Lee as his alternate
resigned on 29 May 2020)
Mr. Kwok Hoi Hing (resigned on 29 May 2020)
(Mr. Zhu Minming as his alternate
resigned on 29 May 2020)
Mr. Zou Chaoyong

Independent Non-Executive Directors

Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho
Mr. Wang Yijiang

Alternate Director

Mr. Lim Seng Lee
(ceased to act as alternate to
Datuk Wira Lim Hock Guan on 29 May 2020)
Mr. Zhu Minming
(ceased to act as alternate to
Mr. Kwok Hoi Hing on 29 May 2020)

AUDIT COMMITTEE

Mr. Albert Ho *(Chairman)*
Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David

NOMINATION COMMITTEE

Mr. Zeng Jianping
(appointed as the *Chairman* on 29 June 2020)
Mr. Huang Xin (retired on 29 June 2020)
Mr. Ye Yuhong
Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho
Mr. Wang Yijiang

REMUNERATION COMMITTEE

Mr. Hui Chiu Chung *(Chairman)*
Mr. Chu Yu Lin, David
Mr. Albert Ho

COMPANY SECRETARY

Mr. Chan Chit Ming, Joeie
(appointed on 1 March 2021)
Mr. Kwok Tung Fai (resigned on 1 March 2021)

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Wing Lung Bank, Limited
Industrial and Commercial Bank of China,
Zhuhai Branch
Bank of China, Zhuhai Branch
China Everbright Bank, Zhuhai Branch
Xiamen International Bank, Zhuhai Branch
Shanghai Pudong Development Bank,
Zhuhai Branch

LEGAL ADVISORS (AS TO HONG KONG LAW)

Chiu & Partners
Allen & Overy

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 3709–10
37/F, West Tower, Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

REGISTERED OFFICE

Clarendon House
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Hamilton HM 11
Bermuda

STOCK CODE

00908

INVESTORS RELATION

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WEBSITE

www.0908.hk

* The English transliteration of the Chinese names in this annual report, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Looking back at the year ended 31 December 2020 ("FY2020"), it was a challenging year for the People's Republic of China ("PRC") and global market as a whole. The widespread impact of the COVID-19 outbreak and weak consumer demand have driven down investor sentiment. In FY2020, the Group precisely capitalised on multi-dimensional and deep-rooted linkages, conscientiously put into practice the idea of concentrating on epidemic prevention and control and economic benefits, adhere to the keynote of sustaining current volumes while securing additional volumes. Focusing on the three business segments of (1) Jiuzhou Blue Sea Jet (Maritime transportation) and Blue Marine Tourism; (2) composite real estate and green leisure tourism; (3) public utilities and financial investments, the Group further leveraged on its capital, concentrated its efforts on the implementation of major projects, adopted a new mindset with the use of

the Internet, draw support from new media and network platforms, fostered innovation on business models and actively changed its traditional business marketing model, promoted investment in its main business and brand output, seized opportunities and moved forward while actively responding to challenges, to forge an industry chain of perfect living and travelling and maximise the returns for all shareholders.

During FY2020, under the leadership of the Board of Directors of the Company (the "Board") and with the concerted efforts of all staff, the Company showed initiative in planning, carried out merger and acquisition of high-quality resources and laid a solid investment foundation to sustain rapid growth in the future. As a diversified company with the aim of forging an industry chain of perfect living and travelling, the Group regards tourism resources, especially scarce natural resources, as the first element and core value of the tourism and leisure industry.

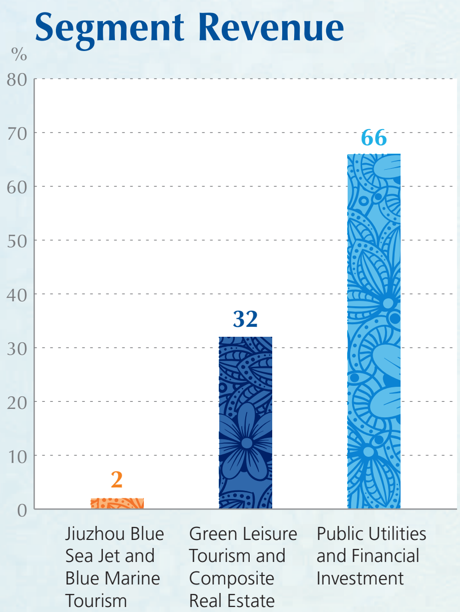
The Company recorded a net profit attributable to owners of the Company for FY2020 of approximately RMB44,353,000 (FY2019: RMB81,069,000) and a basic earnings per share of RMB3.11 cents (FY2019: RMB5.68 cents). The Board of the Company does not recommend the payment of a final dividend to the shareholders for FY2020 (FY2019: HK0 cents).

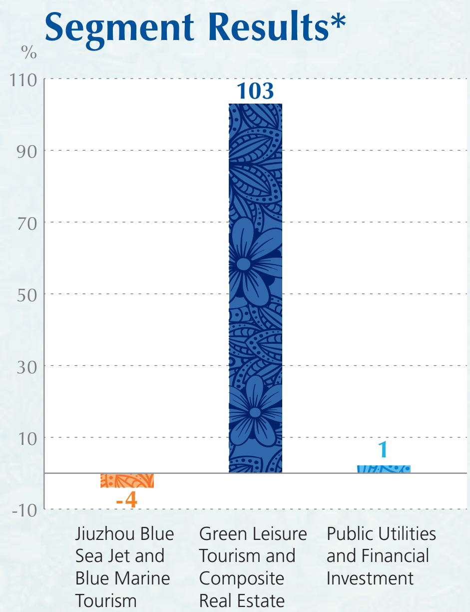
In 2021, global trade and economic situations remain grim. While the Epidemic has been gradually contained in China, the Group will maintain its precautionary measures as regular practices in an attempt to prevent any new outbreak of the Epidemic, cherish the current prevention and control effectiveness, and never give up all previous efforts. The Group will build on the results it has so far achieved through its epidemic prevention and control measures to ensure that all previous efforts will not go down to the drain. Meanwhile, the Group will continue to improve its capital operation, strengthen its financial management and control, strive to broaden its financing and market channels, and enhance its operation, the quality of its projects, as well as its efforts to invite investment. The Group will also refine its products, strictly control costs, and prioritise benefits while taking into account economies of scale, so as to promote its upgrade and development in these difficult times. The Group will further improve its business and asset structure, seize opportunities offered by the market, watch for its opportunities to revitalise its existing assets and focus on its core business. It will also optimise its debt and capital structure and actively seek suitable investment opportunities.

Thank you for being with us in 2020. Looking ahead to 2021, the Company will continue to uphold the spirit of "pragmatism, innovation and sharing" and strive for better performance. I would like to take this opportunity to extend my gratitude to the Board for their strong leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers and business partners for their full trust and dedicated support.

Finally, I would like to thank all of our directors, employees and shareholders for their dedication and consistent support in the past year. Wish you all a prosperous and healthy new year.

By order of the Board
Zeng Jianping
Chairman
Hong Kong, 29 March 2021





	2020	2019
Revenue (RMB'000)	**9,862,623**	11,812,280
Gross profit (RMB'000)	**1,309,151**	1,244,050
EBITDA# (RMB'000)	**1,100,369**	1,061,404
Profit for the year (RMB'000)	**238,762**	280,328
Profit attributable to owners of the Company (RMB'000)	**44,353**	81,069
Gross margin (%)	**13.3%**	10.5%
EBITDA margin (%)	**11.2%**	9.0%
Profit margin (%)	**2.4%**	2.4%
Earnings per share (RMB) — basic	**RMB3.11 cents**	RMB5.68 cents
Dividend per share (HK$) — final dividend (proposed) (HK$)	**Nil**	Nil
Dividend pay-out ratio (%)	**Nil**	Nil
Current ratio (times)	**1.13**	1.34
Gearing ratio (%)	**58%**	61%

* not included Corporate and Others, and Inter-segments eliminations

EBITDA represents profit before tax excluding gains/(losses) on disposal and write-off of property, plant and equipment, finance expenses and depreciation of property, plant and equipment and right-of-use assets

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During FY2020, affected by the COVID-19 outbreak (the "Epidemic"), the global economy and health safety faced a severe crisis. In order to effectively contain the spread of the Epidemic, most enterprises chose to suspend work and production in phases, thus disrupted the global supply chain and caused varying degrees of impact on numerous industries. The businesses operated by the Group were also hit hard during the Epidemic. Despite the depressed sentiment, the Group arranged for staff to learn on scientific epidemic prevention. Subsequently, the Board and the management of the Company promptly arranged staff to resume work and production, adjusted the operating strategies and models of certain business segments according to market conditions, and strived to enhance product and service quality so as to minimise the impact of the Epidemic.

The audited consolidated income of the Group was approximately RMB9,862,623,000 for FY2020, representing a decrease of 17% as compared with approximately RMB11,812,280,000 for FY2019. The gross profit of the Group for FY2020 was RMB1,309,151,000, representing an increase of approximately 5% as compared with approximately RMB1,244,050,000 for FY2019. The consolidated profit for FY2020 was RMB238,762,000, representing a decrease of approximately 15% as compared with approximately RMB280,328,000 for FY2019. In addition, the consolidated profit attributable to owners of the Company was RMB44,353,000, representing a decrease of approximately 45% as compared with approximately RMB81,069,000 for FY2019.

The decrease in profit mentioned above is mainly attributable to the combined effects of the decrease in revenue or increase in loss (as the case may be) in respect of (i) the Jiuzhou Blue Sea Jet and Blue Marine Tourism business as a result of certain measures taken to reduce the frequency of service or even suspend the service of Hong Kong-Zhuhai ferry lines in response to the Epidemic, (ii) the hotel business and tourist attraction business of the Group as a result of the Epidemic affecting the travelling and spending sentiments among foreign and local consumers, and (iii) the public utilities and financial investments business of the Group due to net impairment losses on financial assets, a decrease in traffic and a drop in market demand for fuel oil during the Epidemic, despite substantial increase in revenue and segment results recognised from the property development business of the Group as a result of the change in sales mix of property units in Zhuhai Cuihu Xiangshan High-end Tourism Real Estate Project.

The Company's principal businesses include Jiuzhou Blue Sea Jet and Blue Marine Tourism, Green Leisure Tourism and Composite Real Estate, and Public Utilities and Financial Investments.

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

1.1 Jiuzhou Blue Sea Jet

During FY2020, Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司) ("Ferry Company"), a non wholly-owned subsidiary of the Company, and its subsidiaries (collectively, "Ferry Group") leveraged the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the launch of the Hong Kong-Zhuhai-Macao Bridge and Zhuhai's unique coastal tourism resources to consolidate its traditional businesses, develop its Blue Marine Tourism and advance its external projects, as well as

facilitate its transition from "traditional maritime transportation" to "maritime transportation + tourism". Its Blue Marine Tourism business and the external projects are in progress steadily.

In FY2020, due to the continued impact of the Epidemic, the routes between Guangdong and Hong Kong were shut down, while the rest of the routes resumed in an orderly manner but maintained relatively low operation levels. In FY2020, Ferry Company actively assisted in preparing for the orderly resumption of various routes, formulated pre-resumption marketing plans, optimised pipeline laying, enhanced publicity and promotion, stabilised the number of passengers of different routes, promoted the influence of domestic routes and tourism routes, actively searched for publicity channels, actively introduced, promoted the development of routes and enhanced the influence of the brand of tourism routes. In FY2020, a total of 696,500 passengers were carried on all the routes, representing a year-on-year decrease of 70.8%. Among which, the passenger volume of domestic routes, after experiencing a trough period in the first half of the year, with a phased victory in the prevention and control of the epidemic across the country in the second half of the year, reached a peak during the summer vacation time in August and the Mid-Autumn Festival and National Day holidays in October following the outbreak. Tourism routes gradually recovered in the second half of the year. The routes between Guangdong and Hong Kong has not yet resumed service due to the impact of overseas epidemic situation. The Company has continued to pay attention to the actions of the Hong Kong government and contacted and coordinated between the joint-inspection units at crossings, the transportation bureau and other relevant departments to make sufficient preparations for the resumption of Hong Kong district routes.

In order to build a coastal leisure tourism zone in Guangdong-Hong Kong-Macao Greater Bay Area and to promote the development of regional tourism in Zhuhai, the Ferry Group has adopted "Blue Marine Tourism" as its strategic direction, deeply explored the tourism resources in the Greater Bay Area and actively facilitated the transition to "maritime transportation + tourism". In order to seize the historical opportunities, help the development of Guangdong-Hong Kong-Macao Greater Bay Area, and promote the interconnection and intercommunication between Zhuhai and Macao, leverage on the passenger flow of Macau International Airport and Gongbei Port, take advantage of the location of Jiuzhou Port, and expand route coverage, Ferry Group has embarked on the opening of Macao Taipa maritime passenger transport route.

In addition, the safety management system of the Ferry Company successfully completed the renewal audits of Document of Compliance (符合證明) of the Maritime Safety Administration of the PRC. In FY2020, the Ferry Company was once again awarded the title of the "Safe and Honest Company" (安全誠信公司) by the Maritime Safety Administration of the PRC, which it has maintained for 13 consecutive years up until now, being the only high-speed ferry company in the PRC to obtain this achievement for 13 years in a row.

In order to grasp the external development opportunities and achieve the strategic target of promoting "Jiuzhou Blue Sea Jet" as an international brand, Hunan Jiuzhou Longxiang Marine Tourism Passenger Transport Company Limited* (湖南九洲龍驤水上客運有限責任公司) ("Changsha JV Company"), a joint venture enterprise, formed by Zhuhai Haichang Investment Company Limited* (珠海海昌投資有限公司) ("Haichang Investment Company"), a wholly-owned subsidiary of the Ferry Company, Hunan Longxiang Juzizhou Travel Services Development Company Limited* (湖南龍驤橘子洲旅遊服務開發有限責任公司) and other parties, adjusted its cooperation pipelines. In FY2020, Changsha JV Company completed the sponsorship advertising of "Jiuzhou Longxiang" (九洲龍驤) cruise liners, undertook the media launch of Hunan TV's "Chinese Restaurant 4" (中餐廳4) and further promoted the brand of "Xiangjiang Cruise — Juzhou Star" (湘江遊輪•橘洲之星). "Xiangjiang Night Tour" (橘洲之星湘江夜遊) was selected as a demonstration project for cultural and tourism consumption in Changsha in 2020.

In 2015, the Company entered into a Hainan strategic co-operation framework agreement ("Hainan Framework Agreement") with CCCC Hainan Construction Investment Limited* (中交海南建設投資有限公司) ("CCCC Company") in relation to the co-operation projects ("Hainan Projects") in the maritime tourism and transportation in Hainan and Guangdong provinces in the PRC. Under these projects, an interconnected water transportation network between the east and west coastal bays was gradually built and a series of thematic tour brands was launched. In FY2020, with increased capacity, Hainan Projects expanded into the market of nearshore tour and took a position in Sanya's marine tourism market, actively facilitated the approval of subsidies for maritime bus, implemented safety management, improved service quality, and was awarded the titles of "Sanya Youth of Civilisation Entity" (三亞市青年文明號) and the "CCCG Youth Production Safety Model Post" (中交集團青年安全生產示範崗), which enhanced the market influence and core competitiveness of the brand of Ferry Company. Leveraged its maritime transport network in Sanya, Hainan Projects also linked up with rail transport in Sanya to open up "rail-sea combined transport" and enrich the tourism transport network in Sanya.

1.2 Blue Marine Tourism

With the favourable opportunity arising from the opening of the Hong Kong-Zhuhai-Macao Bridge, Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) ("Jiuzhou Cruises Company"), a wholly-owned subsidiary of the Ferry Company, further broadened the Zhuhai-Macao Bay Tourism* (珠澳海灣遊) route and opened the ferry route from Wanchai Port, Zhuhai* (珠海灣仔口岸) to Macao. Jiuzhou Cruises Company is actively expanding its new tourism offerings while strengthening the management of its business premises and improving service quality, with an aim to create a characteristic tourism atmosphere featuring traditional holidays. During FY2020, Jiuzhou Cruises Company was awarded the titles "Trustworthy Model Enterprise for Transportation in Guangdong Province for Year 2019"* (2019年度廣東省交通運輸誠信示範企業) and "Outstanding Enterprise in Transportation Industry of Guangdong Province for Year 2019"* (2019年度廣東省交通運輸行業優秀企業) by Guangdong Provincial Transportation Association* (廣東省交通運輸協會).

Due to the impact of the Epidemic, the total number of tourists that Jiuzhou Cruises Company received was 318,900 during FY2020, with a year-on-year decrease of 770,300 when compared to 1,089,200 in FY2019, representing a decrease of 70.7%. Jiuzhou Cruises Company actively responded to the impact caused by the Epidemic, adopted appropriate measures and controlled costs, set up innovative marketing strategies, strived for the government's special support policies, increased outdoor advertising and updated its overall promotion image, aiming to create an atmosphere for the recovery of tourism industry. It targeted on launching various promotional activities according to the gradual recovering pace of the tourism market, while actively preparing for the reopening of the customs between Guangdong and Macao.

In order to completely implement the strategy of "Blue Marine Tourism" with an aim to establish a marine-related business segment, the Ferry Company entered into a strategic co-operation framework agreement with the People's Government of Guishan Town, Zhuhai* (珠海市桂山鎮人民政府) in 2015 in relation to the possible co-operation in the investment, construction and operation of a project ("Guishan Homestay Project") on the Guishan Island* (桂山島), Zhuhai of the PRC, involving the featured cultural industry and homestay tourism industry. During FY2020, leveraging on the quality resources of the Group's cultural and tourism system, the Ferry Company strengthened its horizontal product integration, introduced travel product packages, constantly optimised featured products, transformed from a single homestay product to comprehensive tourism. The Ferry Company enhanced its efforts on promotion, increased market awareness on Guishan Island Blue Coast* (桂山島藍色海岸) and its reputation, and also enhanced the brand of Blue Coast* (藍色海岸) in all directions by adhering to "one-stop" service and valuing brand-building effectiveness, thus laying a solid foundation for homestay management. Such measures are of great significance to the extension of the Group's industrial chain towards the "Blue Marine Tourism".

During FY2020, Changsha Water Project, Sanya Blue Sea Jet, Taizhou Rongyuan Project, Sailboat Station Project and the Shuttle Bus Project were affected by the Epidemic at varying degrees. Within the context of resolute implementation of control measures against the Epidemic to prevent new outbreaks domestically and new imported cases, the Ferry Group further adjusted its operating strategies, responded to such plight with flexible and sound measures, actively promoted the integration of quality resources, broke through traditional repetitive conventions, developed innovative tourism products, continuous launch of new products and created quality brand products, with an aim to attract more tourists and improved results and performances.

2. Green Leisure Tourism and Composite Real Estate

2.1 Zhuhai Holiday Resort Hotel

During FY2020, which saw a huge decline in the prosperity index of the hotel industry amid the severe impact of the Epidemic, Zhuhai Holiday Resort Hotel Company Limited* (珠海度假村酒店有限公司) ("Zhuhai Holiday Resort Hotel"), a wholly-owned subsidiary of the Company, adhered to its vision of building a national-brand hotel and aimed at achieving economic benefits. Determined to overcome difficulties together with everyone, Zhuhai Holiday Resort Hotel was fully committed to epidemic prevention and control,

government reception, operational management as well as construction projects. In such a chilly and perilous economic winter, Zhuhai Holiday Resort Hotel forged ahead. Zhuhai Holiday Resort Hotel was awarded the title of "Top Ten Renowned Cantonese Cuisine Restaurants in Zhuhai" by the 2019 "Belt and Road" Cantonese Cuisine Industry Development Forum and Zhuhai-Hong Kong-Macao Food Tourism and Cultural Festival Organising Committee* (二零一九年「一帶一路」粵菜產業發展論壇暨珠港澳美食旅遊文化節組委會), granted the honour of "2020 Star Award — China's Most Popular Complex"* (2020會獎之星 — 中國最受青睞會獎綜合體) and was recognised as a training base for "Cantonese cuisine masters"* (粵菜師傅) in Zhuhai in 2020 by the Human Resources and Social Security Bureau of Zhuhai* (珠海市人力資源和社會保障局). It held successful receptions for the government and undertook the signing ceremony-cum-press conference for a global expo brand. The signing ceremony, the biggest event undertaken by Zhuhai Holiday Resort Hotel in recent times, boosted considerably the hotel's brand awareness and reputation. With its warm reception of guests, professional epidemic prevention measures, meticulous accommodation arrangements, excellent catering for conferences as well as thoughtful shuttle service, Zhuhai Holiday Resort Hotel was praised and commended again and again by conference organisers in writing, thereby laying a solid foundation for the marketing of the hotel brand.

2.2 New Zhuhai Holiday Resort Hotel Renovation Project (the "New Hotel Project")

As the main entity for the investment and development of the New Hotel Project, Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司) ("JPD Company"), a wholly-owned subsidiary of the Company, made every effort to promote the completion of the New Hotel Project and the commissioning of its facilities and equipment. Having gradually obtained the completion acceptance record as well as the government's various acceptance certificates, the new hotel officially commenced business in August 2020.

As the Phase 2 commercial office complex project entered the construction stage of installing pile foundations such as soldier piles and cement-soil mixing piles, JPD Company upgraded and transformed the relevant ancillary facilities of the original hotel while accelerating the construction of the New Hotel Project. At the same time, it enhanced the management level, service quality and brand value of the hotel. It upgraded the resort hotel to an all-round comprehensive hotel.

2.3 The New Yuanming Palace

During FY2020, the New Yuanming Palace Theme Park, operated by New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z.* (珠海經濟特區圓明新園旅遊有限公司) ("New Yuanming Palace"), a wholly-owned subsidiary of the Company, received approximately 1,062,000 visitors. New Yuanming Palace was awarded the title of "2020 Most Anticipated Tourism Destination in Guangdong" (2020廣東最受期待旅遊目的地); "2019 Zhuhai Civilised Tourism Voluntary Service Outstanding Organisation Gold Award" (2019年度珠海市文明旅遊志願服務優秀組織金獎); "Outstanding Organisation Award" in 2020 Zhuhai Tourism Enterprise Fire Fighting Skills Competition (2020年度珠海市旅遊企業消防技能競賽活動), and became a member of Guangdong Study Travel Association* (廣東省研學旅行協會). During FY2020, New Yuanming Palace actively participated in the voucher scheme implemented by the government to boost consumption, thus playing an active role in promoting the recovery of the tourism industry when tourism consumption hit bottom. New Yuanming Palace organised audio tours, allocated park resources in a reasonable manner, based its labour cost control on a scientific basis and improved work efficiency, thereby increasing revenue for the company and enhancing its services and reputation at the same time. In terms of park upgrade and transformation, New Yuanming Palace actively conformed with the government's phased transformation plan, implementing the park's environmental rectification and its scenic area's renovation works and land use transformation, thus laying a solid foundation for the next step of the park's upgrade plan.

2.4 The Fantasy Water World

The Fantasy Water World, operated by Zhuhai Water Entertainment Company Limited* (珠海市水上娛樂有限公司), a wholly-owned subsidiary of the Company, operates for six months from May to October each year. For the remaining months of the year, it only opens partially for the running of winter events. Due to the Epidemic, the number of visitors to the Fantasy Water World declined. In FY2020, the number of visitors to the Fantasy Water World was approximately 116,700, representing a year-on-year decrease of 92,500 or about 44.2%. While imposing strict water quality

control, the Fantasy Water World further strengthened its business strategy, improved its marketing strategies for both the peak and the low season, increased the number of corporate activities, boosted foot traffic, and strived to create opportunities for secondary operating income growth. Seizing the opportunities offered by festivals, it launched sales promotions with ticket discounts and annual passes and successfully increased the number of visitors. Based on the development of the Epidemic, the Fantasy Water World adjusted its timetable for work resumption with flexibility and gradually completed the repair, renovation and maintenance of its facilities so as to receive its visitors with a new look. Through enhancing the comfort, sense of participation and safety of its visitors, its promotional campaigns achieved desirable results.

2.5 Jiuzhou • Greentown — Cuihu Xiangshan Project

Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) ("ZJ Property Development Company"), a non wholly-owned subsidiary of the Company, continued to develop the Cuihu Xiangshan Project. During FY2020, ZJ Property Development Company recognised substantial increase in revenue and segment results due to the change in sales mix of property units of the Cuihu Xiangshan Project delivered to buyers. In terms of sales strategies, ZJ Property Development Company focused on the creation of a lifestyle for the Cuihu Xiangshan community, and the presentation of a humanistic, overlooking-the-putting green and grand image of the Cuihu Xiangshan Project. ZJ Property Development Company resumed work and production when the Epidemic subsided. It held various online and offline cultural activities to promote new products and destock, and achieved desirable results. Meanwhile, the investment promotion carried out by the commercial centre of the community progressed smoothly. The key commercial elements include life and leisure elements such as supermarkets, restaurants, community hospitals, libraries, cultural and sports colleges, cinemas, postpartum care centres and five-star laundry centres, which will lay a solid foundation for the brand development and subsequent marketing of the Cuihu Xiangshan Project.

2.6 Zhuhai Lakewood Golf Club ("Lakewood Club")

The Lakewood Club, operated by Zhuhai Jiuzhou Holdings Sports Management Co., Ltd.* (珠海市九控體育管理有限公司) ("ZJ Sports"), a non wholly-owned subsidiary of the Company. Through the introduction of golf packages, summer discounts and promotions, the provision of breakfast, the League Club Annual Pass* (聯盟薈年卡), the Xiangshan Practice Pass* (香山練習卡) and other measures, the Lakewood Club recovered some of the losses caused by its temporary suspension due to the Epidemic. During FY2020, the Lakewood Club increased the number of playing sessions to 52,679, representing a year-on-year growth of 3.5%. The Lakewood Club and other clubs worked together to set up "Golf League Club*" (高球聯盟薈), thus laying a solid foundation for popularising the sport of golf, building a platform for the development of coaches, and further promoting the in-depth integration of the cultural, tourism and sports industries. The Lakewood Club leveraged the cultural and tourism resources of the Group to launch "Golf Package Products" jointly with Shenzhen Tiema Golf* (深圳鐵馬高爾夫). These products were well received by the market and increased the utilisation rate of its golf courses and its revenue during the low season. The Lakewood Club was awarded the "Top 10 Most Outstanding Golf Courses in China" for its outstanding course quality and attentive service.

2.7 Pingsha Project

ZJ Property Development Company won at an auction a land parcel located in Pingsha at an amount of RMB706 million for residential development (the "Pingsha Project"). The project covers a site area of approximately 72,600 square metres ("sq.m.") and a total gross floor area ("GFA") of approximately 145,000 sq.m. (which includes ancillary facilities, social housing for talents and public rental apartments with GFA of 14,300 sq.m.). A project company, namely Zhuhai Pingsha Jiuzhou Development Company Limited*

(珠海平沙九洲開發有限公司) ("PJ Company"), was established in Pingsha by ZJ Property Development Company. As the main entity for developing the Pingsha Project, PJ Company engages in financing, development, construction and operation. During FY2020, PJ Company entered the land use contract and made the related payment. It also completed the tasks of project planning and positioning, company registration and qualification processing, obtained construction land planning permission, conducted internal review of the proposal, granted contracts to supervision units and carried out geological surveys.

3. Public Utilities and Financial Investments

3.1 Jiuzhou Passenger Port ("Jiuzhou Port")

The operations of Jiuzhou Port, operated by Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd.* (珠海九洲港客運服務有限公司) ("Jiuzhou Port Company"), a non wholly-owned subsidiary of the Company, have suffered tremendously due to the Epidemic, with flights and land passenger transportation lines of various routes being suspended. During FY2020, Jiuzhou Port Company is committed to diminishing and hedging against the impacts caused by unfavourable factors through adopting the following measures to enhance the travelling experience of passengers: improving the hardware and software supporting facilities at Jiuzhou Port, strengthening the awareness of employees on providing quality service, optimising customer service procedures, decorating the station and investing in intelligent equipment, etc.

While strengthening its property management, security and the professional services of its employees, Jiuzhou Port Company has installed more signs to divert traffic, re-arranged the background walls in the station and added outdoor advertisements billboards to improve the service quality and the waiting experience of passenger. The customer service was added to the WeChat public account has broadened the ticket sales channel and fulfilled the needs of passengers for online ticket purchase and consultation. Jiuzhou Port Company has installed a self-service real-name inspection device to their security inspection channel, where passengers can directly go on board after checking in their tickets with corresponding travel documents or QR codes. The addition of self-service ticket-inspecting turnstiles and self-service ticket vending machines not only have promoted the intelligential and digitalisation development of its port services, but also have provided passengers with better and more convenient services.

On 10 December 2020, ZJ Holdings entered into a compensation agreement ("Compensation Agreement") with Jiuzhou Port Company, pursuant to which the Jiuzhou Port Leases shall be terminated and as compensation, ZJ Holdings shall, among other things, pay Jiuzhou Port Company a compensation fee of RMB19,000,000 and provide interim building facilities. For details of the Compensation Agreement, please refer to the Company's announcement dated 10 December 2020.

3.2 City Energy Supply

During FY2020, the world economic growth and the demand for oil demonstrated a volatile downward trend. Because of the Epidemic, restrictions have been imposed on sea, land and air traffic and the resumption of corporate work is therefore forced to delay, thus the production, distribution and sales of goods in our wholesale business have been severely impacted, which imposed implacable challenges to the wholesale trade in refined oil and gas station operation of Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司) ("Jiuzhou Energy Company"). Facing adversity, Jiuzhou Energy Company always adheres to its dedication to develop its refined oil wholesale business, persistently explores upstream and downstream customers and oil products, continuously expands marketing channels, promotes diversified operations, enhances its market competitiveness, and have established good reputation in the industry and customer resources. During FY2020, Jiuzhou Energy Company stood out from the fierce competition among numerous refined oil suppliers and was successfully shortlisted in the "CNOOC Refined Oil Supplier List" and became the designated oil supplier of CNOOC Guangdong Sales Co., Ltd.* (中國海油廣東銷售有限公司). In addition, Jiuzhou Energy Company successfully developed the business of ship bunkering at Hengqin Port's Passenger Station, making a solid step towards the outward expansion of business of oil supply at ports and promoting steady improvement of efficiency of Jiuzhou Energy Company.

Subsequent to the release of the Company's announcement dated 7 December 2018, the internal restructuring has been progressing satisfactorily. During FY2020, after the completion of a subsisting and demerger plan, Jiuzhou Energy Company and its subsidiaries would no longer be held by the Ferry Company but would be held by Zhuhai Jiuzhou Public Utilities Co., Ltd.* (珠海九洲公用有限公司) ("Jiuzhou Public Utilities") under the same shareholding structure of the Ferry Company. The Group continues to hold a 49% equity interest in Jiuzhou Energy Company and its subsidiaries and consolidate Jiuzhou Energy Company and its subsidiaries as non wholly-owned subsidiaries.

3.3 Financial Investments

During FY2020, Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd.* (深圳市九控融資租賃有限公司) ("Jiuzhou Holdings Finance Lease Company"), a wholly-owned subsidiary of the Company, actively participated the prevention and control of the Epidemic while advanced its various projects and enhanced communication and interaction with customers. Jiuzhou Holdings Finance Lease Company has been actively exploring its commodity trading business and makes a significant contribution to the Group. By relying our well-established "oil trade + factoring" business model, and through our purchase and sales channels, we have developed a trading business with core corporates as our end customers, which enhanced the business model mentioned above and promoted business diversification.

During FY2020, one of the customers has known financial difficulties and there is significant doubt on collection of the receivables. The Group has made full impairment allowance on the receivables. The Group is currently reviewing the factoring business and may consider various risk management measures, including but not limited to reducing the transaction volume in factoring business.

POSSIBLE RISK EXPOSURE AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. During FY2020, the Group further improved the risk management system which covered all aspects including corporate strategies, operation and finance. In future developments, the Group will be highly aware of the following risks and uncertainties and will adopt effective tackling measures proactively. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

1. Risk in Competing Markets

Risk analysis:

As the business development of the Group becomes more and more diverse, the Group has to face fierce competitions from several markets. The entering of new operators into the market, the intensified price competition from existing competitors and product innovation or technology advancement may have an adverse impact on the Group's financial position and operating results. As for our ferry services, the launch of the Guangzhou-Shenzhen-Hong Kong High Speed Rail Service and the opening of the Hong Kong-Zhuhai-Macao Bridge, as well as the expected opening of the Shenzhen-Zhongshan Bridge in 2024 will result in the traditional maritime transportation facing a more intense competition, thus the passenger volume of maritime transportation between Guangdong and Hong Kong shows an overall decline. In terms of tourism, a large number of international hotel brands have established their presence in Zhuhai in recent years, and famous Chinese resort operators such as Overseas Chinese Town will also join in building resorts one after another, leading to more intensified competition. As for our trading and distribution of fuel oil, due to the constantly changing fuel oil supply market, the increasing popularity of electric vehicles and fierce market competition, fuel demand is likely to be negatively impacted. If the Group is unable to make timely and effective strategic adjustments and to adopt according measures to enhance its competitive advantages, such may have a significant negative impact on the Group's business and financial performance.

Tackling measures:

The Group will consolidate its business resources to improve resource utilisation and avoid internal competition. The Group will further determine the future direction of its principal business, enhance industry research and product development of principal business, and also lead the Group in achieving diversified development in fields related to the principal business so as to reduce reliance on the Hong Kong route. The Group's nautical business is actively transforming into maritime "transportation + tourism". At present, the Group has laid out maritime transportation and tourism projects in Sanya, Changsha and Taizhou, and is actively developing incremental business. The "bridge + island" route and the route connecting islands opened smoothly. The routes from Jiuzhou Port to Macau Taipa Ferry Terminal, from Guangzhou Nansha Port to Wanshan Islands, and from Hengqin to Shekou are planned to be open next year. The investment and development department shall strive to identify investment projects, which serve as decision-making basis for the management and for consideration and discussion at the president office meetings; the investment and development department or other subsidiaries of the Group will collect and prepare market data on a regular basis for overall analysis and reporting to the Board, so that we can adopt measures in advance for any possible challenges arising from the competition in the market. The Group will strengthen internal joint marketing and launch ticket packages to enhance market competitiveness; open up e-commerce platforms to conduct promotion and marketing through a combination of online and offline channels; keep an eye on market needs and the actions of its competitors, so as to stay alert and maintain its competitiveness. The Group will conduct an analysis of its advantages on the basis of market data to strengthen its market position and formulate business strategies, including marketing and pricing. The Group will increase the number of charging piles at new-built and partnering petrol-filling stations and enrich the range of products in the stores at petrol-filling stations to increase the spending amount of customers.

2. Risks caused by the COVID-19 epidemic

In response to the outbreak of COVID-19 in early 2020, the Group has implemented a series of measures in alignment with the prevention and control policies of governments, including the suspension of certain passenger ferry services and closure of some business premises, to prevent the outbreak from worsening. Until early 2021, the situation of outbreak in Hong Kong has been volatile and flights between Hong Kong and Zhuhai have not yet resumed. If the epidemic situation in the PRC deteriorates significantly in the future, certain operations of the Group may need to be suspended again, resulting in an increase in operational risks.

Tackling measures:

The Group will oversee the implementation of epidemic prevention measures in key establishments and take strong and regular preventive measures at its passenger terminals, piers, hotels, scenic spots and other crowded premises; adopt a real-name management system to register passenger contact telephone numbers and other relevant information; and set up isolation rooms in each premise. The

Group will learn a lesson from the experience and prevent any rebound in domestic cases; strengthen the supervision of staff going out and visits from outside, and implement a reporting system for staff leaving Zhuhai; and remind internal staff to stay in Zhuhai and Guangdong Province as much as possible, collect information from staff leaving the province, Keep a record of registration, and carry out isolation observation and nucleic acid testing upon their return.

The Group strengthen the training on epidemic prevention for both internal and external staff. In order to ensure the health and safety of staff at its Hong Kong headquarters, the Company have organised a number of online seminars on epidemic prevention and health to enhance the personal awareness of offshore staff; advise its staff to reduce gatherings; propose to distribute epidemic prevention supplies in the name of trade unions to enhance protection of staff safety.

3. Risk in Investment Decisions

When the Group and its subsidiaries invest in projects (e.g., property developments or acquisitions, hotels, fixed assets), if, in the feasibility assessment of such projects, an inaccurate market forecast is made, or if the project investment does not match with the future market demand, such will significantly increase the uncertainty of the project development, and will result in failure of project operations at a later stage, thereby creating the risk of a material adverse impact on the economic benefits of the Group and its subsidiaries.

Tackling measures:

The Group's investments are divided into two stages, namely the establishment of project and the review on investment, and are approved at multi-level according to the amount of investment. The Group's 5-year development plan is used to implement the Group's future development plans. The Group uses the 5-year development plan to implement the Group's future development plan. A detailed and comprehensive analysis shall be conducted before approval of the investment, and apart from the basic factors (such as project cost budget, expected gains, recovery period and internal rate of return), the feasibility study report shall also include scenario analysis (sensitivity analysis), contingent plans and withdrawal options etc. to deal with sudden changes during the investment project period. The Group organises professional team to participate in due diligence or conduct feasibility study report evaluation. The investment and development department collects and prepares market data on a regular basis for overall analysis, and regularly provides update progress of investment projects, and modifies such investment projects in response to market changes in a timely manner and report them to the Board. The Group will establish clear project considerations and criteria for consideration, discloses project risks and risk mitigation measures as far as possible during the due diligence stage, follow the principle of prudence and analyses the possible impact of the project on the Company in extreme cases through market comparison; establish a clear and feasible timetable and sets specific goals for different phases when establishing a project, thus allowing the use of performance and progress indicators to assess the overall execution status of a project.

4. Risk of Government Policy

The Group and its subsidiaries derive the majority of their revenue from Mainland China, where the Central Government continues to play an important role in regulating the development of industries and exercises significant control over the growth of the economy. The Group operates in a variety of industries, including tourism and related services, property development, port facilities, etc. Its results are affected by trends in the industries in which it operates, particularly those that account for a significant percentage of the Group's profits. In respect of fuel sales, as a result of the government's efforts to promote new energy and electrified vehicles, the Group's fuel sales performance is expected to be affected. In respect of property development, a number of property purchase restrictions have been introduced in Zhuhai, causing the property market to fall into a slump. In recent years, the property purchase restrictions in Zhuhai have started to be gradually relaxed, thus pushing up property prices and transaction volume. In respect of scenic development, the Chinese government has strictly regulated golf courses in recent years, prohibiting local governments from approving new golf courses. Therefore, if the Group's strategic planning and development directions are inconsistent with the development directions advocated in the policy and system documents promulgated by the central or local governments, the central or local policies may hinder the Group's current operations; or if there are sudden changes in the national policy system and industry environment, resulting in serious changes in the political and economic environment in which the Group operates, the policies may have a material adverse impact on the survival and development of enterprises.

Tackling measures:

The Group will closely monitor changes in government policies and regulations so as to plan and assess the impact of policies on the Group and minimise their impact on the Group's operations and profitability. The Group maintains good working relationships with local government authorities. The Group regularly collects and analyses customer feedback through various channels to understand customer preferences and needs, and closely monitors changes in customer preferences. The Group considers the social, economic and environmental impacts of its business in a holistic manner so that the Group's business can be developed in a sustainable manner. The Group negotiates with the government to secure quality projects. The Group reviews the economic benefits of each business segment and sets targets for revenue mix to avoid over-reliance on a single business or over-diversification of businesses to facilitate efficient use of resources.

5. Risk of the Overall Environment

Due to the significant slowdown in the Chinese and global economies last year as a result of the impact of the COVID-19 outbreak, the overall operating environment of the Group has been challenging. In the long run, if macro-economy continues to deteriorate, the Group's business, financial condition and results of operations may be materially and adversely affected. If capital flows out of the markets in which the Group operates, the cost of financing in the market and the Group's capital cost may increase.

Tackling measures:

The Group will study the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and strengthen its sense of proactive action; seize the opportunity of the development of the Guangdong-Hong Kong-Macao Greater Bay Area and intensify cooperation between Zhuhai and Macao. The Group will consider exploring and developing more new products to meet the needs of the market. The Group may increase its production capacity on the basis of the products already launched (for example, providing more frequent service of "Sea-viewing across Zhuhai" or adding more routes for passenger ferry services), and improve the quality of service and products in order to maintain customer loyalty and profitability. The Group will consider increasing cash flow from existing projects and progressively taking back its property management business, and may also consider converting commercial buildings for leasing or trading to increase cash flow. The Group will discuss internally the adjustment of its investment plans, review the amount of investment and consider its affordability of investment.

FACILITY AGREEMENT FOR A SYNDICATED LOAN OF HK$2 BILLION

On 28 July 2015, the Company, as borrower, entered into a facility agreement ("2015 Facility Agreement") with, among other parties, Malayan Banking Berhad, pursuant to which a term loan facility up to HK$2 billion was granted by the relevant lenders ("2015 Lenders") to the Company for a term of four years from the date of the 2015 Facility Agreement subject to the terms and conditions contained therein ("2015 Facility").

On 15 August 2017, in order to refinance the 2015 Facility in full, the Company, as borrower, entered into a refinance facility agreement ("2017 Facility Agreement") with Wing Lung Bank, Limited ("Wing Lung") as original mandated lead arranger and bookrunner, Wing Lung and twelve other banks as the lenders ("2017 Lenders"), Wing Lung as agent and Jiuzhou Tourist Development Company Limited ("JTD"), Jiuzhou Tourism Property Company Limited ("JTP"), as guarantors, pursuant to which a term loan facility ("2017 Facility") of an aggregate of HK$2 billion was agreed to be granted by the 2017 Lenders to the Company for a term of 48 months from the date of the 2017 Facility Agreement and subject to the terms and conditions of the 2017 Facility Agreement. The interest rate of the 2017 Facility is relatively lower than that of the 2015 Facility. The 2017 Facility has been used in full for the prepayment of the 2015 Facility, and it is expected that it will reduce the Group's finance expenses, increase the Group's economic benefits, and it is believed from which, the Group will be able to gain exposure to utilising offshore financial instruments and thereby promoting its corporate image and supporting the rapid development of the Group's core businesses and the advancement of its projects.

For details of the 2015 Facility Agreement and the 2017 Facility Agreement, please refer to the Company's announcements dated 28 July 2015 and 15 August 2017, respectively.

Pursuant to the 2017 Facility Agreement, it would constitute an event of default of the 2017 Facility Agreement if Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"): (1) does not or ceases to beneficially own, directly or indirectly, at least 30% of the entire issued share capital of the Company; (2) is not or ceases to be the single largest beneficial shareholder of the Company; and (3) does not or ceases to have management control over the Company. Please refer to the section headed "Loan agreement with covenants relating to specific performance obligations of the controlling shareholder" in the Report of the Directors.

OUTLOOK

In 2021, the outlook of global trade and economy remains grim. As the Epidemic gradually comes under control in the country, in an attempt to prevent any new outbreak of the Epidemic, the Group will maintain its precautionary measures as regular practices. The Group will build on the results it has so far achieved through its epidemic prevention and control measures to ensure that all previous efforts will not go down to the drain. Meanwhile, the Group will continue to improve its capital operation, strengthen its financial management and control, strive to broaden its financing channels, and enhance its operational effectiveness, the quality of its projects, as well as its efforts to invite investment. The Group will also refine its products, strictly control costs, and prioritise benefits while taking into account economies of scale, so as to promote its upgrade and development in these difficult times. The Group will further improve its business and asset structure, seize opportunities offered by the market, watch for its opportunities to revitalise its existing assets and focus on its core business. It will also optimise its debt and capital structure and actively seek suitable investment opportunities.

1. Jiuzhou Blue Sea Jet and Blue Marine Tourism

Taking advantage of the development plan of the Guangdong-Hong Kong-Macao Greater Bay Area, Ferry Company will expand the scope of route layout and continue to improve the network of water transport routes. On the basis of further improving the operation and control work, it will take forward the opening of the route between Jiuzhou Port and Macao, draw up plans to open new routes to obtain new development opportunities, promote key projects to seek new development momentum, and consolidate high-quality resources. It will also break away from conventional, regular and repetitive models and seek iterative innovation in tourism products to help the blue marine economy to achieve rapid development. According to the market conditions, timely adjust marketing programs, optimise pipeline laying, enhance publicity and promotion, stabilise the number of passengers of different routes, and promote the influence of tourism routes. It will actively help to prepare for the orderly resumption of all routes, continue to pay attention to the actions of the Hong Kong government, and contact and coordinate between the joint inspection units at crossings, the transportation bureau and other relevant departments to make sufficient and detailed preparations for the resumption of Hong Kong district routes.

Jiuzhou Cruises Company will continue to strengthen cost control, use holidays to create themed activities, increase foot traffic at terminals, enhance marketing, introduce creative marketing strategies, and respond to the operational difficulties caused by the Epidemic. It will cherish the achievements so far made by the country in the fight against the Epidemic, without slackening the anti-epidemic prevention, so as to ensure safe and smooth cross-boundary ferry routes between Guangdong and Macao. For those projects including the Beach Maritime Project, the Sanya Blue Route, the Taizhou Rongyuan Project, the Guishan Homestay Project and the Zhuhai Sailboat Station Project, the Group will continue to explore and launch new products, in order to attract more tourists and improve its results through innovative branded products.

The financial performance of the Ferry Group in 2021, will be subject to various factors, including timing of effective containment of the spread of the Epidemic and the timing of resumption of ferry service of Hong Kong-Zhuhai ferry lines.

2. Green Leisure Tourism and Composite Real Estate

Zhuhai Holiday Resort Hotel will take the opening of the new hotel as an opportunity to further improve the overall quality and service quality of the hotel business. It will also make full use of media resources to organise activities for the promotion of the hotel's culture and products, with the aim of enhancing its image and reputation. Zhuhai Holiday Resort Hotel and JPD Company will jointly carry out the renovation project for its old main building in an orderly manner, promote high-quality hotel development with an innovation-driven core strategy and actively take advantage of the favourable policy and environmental opportunities to ride on the momentum.

New Yuanming Palace will further explore and implement a secondary planning scheme, speed up the upgrading of its scenic area and carry out an overall upgrading of the Fantasy Water World, with the aim of further consolidating the brand influence of the Fantasy Water World and improving its operating income through providing a more comfortable environment for tourists.

The Lakewood Club will continue to step up its marketing efforts that combine on-line and off-line approaches, improve the utilisation rate of the Norman Golf Course and accommodate more team events and commercial activities, in order to increase its operating income and the number of course users.

ZJ Property Development Company will continue to perform well in the sales and delivery of the Cuihu Xiangshan Project series of products as well as the design and development of stock land products, and accelerate the commencement of construction and facilitate sales of the Pingsha Project and fully implement the requirements on quality control to ensure work quality.

The financial performance of hotel business in 2021, will be subject to various factors, including the timing of effective containment of the spread of the Epidemic and subsequent recovery of confidence in the travelling and spending habits among foreign and local consumers. The financial performance of the property development business in 2021, will be subject to various factors, including timing and number of property units of the Cuihu Xiangshan Project to be delivered to purchasers.

3. Public Utilities and Financial Investments

As a category-one national port, Jiuzhou Passenger Port is an important transportation hub linking the east and west sides of the Pearl River, as well as Hong Kong and Macao. While maintaining its epidemic prevention and control at the passenger port, Jiuzhou Port Company will concentrate on the two main themes of business management and service enhancement and focus on the operation of the temporary passenger clearance hall at the Jiuzhou Port after the relocation of the passenger terminal, and coordinate the design and construction of the new passenger terminal to open a chapter in the iterative upgrading of Jiuzhou Port and the rebirth of port-city interactions. Jiuzhou Port Company will further optimise the facilities of the new terminal, provide excellent services after the new port is put into use, actively promote the software upgrade of the passenger transport integrated system, improve the intelligent construction of the new terminal, strive to provide passengers with better services and continuously improve the service competitiveness of Jiuzhou Port Passenger Terminal.

Firmly rooted in the Guangdong-Hong Kong-Macao Greater Bay Area, Jiuzhou Energy Company has been deeply involved in the oil product business for many years. In the future, with new initiatives to enhance operations and new ideas for development, it will continue to explore deeply in various aspects and conduct trading of different products, expand its business scope, avoid the predicament of a single source of income from refined oil trade, and reduce the risk of operating a single product business. It will also maintain its existing customer relationships, tap into potential customer resources and continue to explore new markets, in order to enhance the market competitiveness, create profitability, and improve revenue and profit.

Jiuzhou Holdings Finance Lease Company will closely monitor regulatory updates of the industry, while engaging in research and analysis as and when appropriate. It will continue to widen its financing channels, increase its business size and strengthen its customer base building. It will also establish a multi-level model of customer retention while attracting new customers in a systematic and targeted manner to expand its customer base, in order to accelerate the commencement of business and maximise the interest of the Group as a whole.

The financial performance of the Jiuzhou Public Utilities in 2021, will be subject to various factors, including timing of effective containment of the spread of the Epidemic and subsequent influence in the traffic and market demand for fuel oil.

In addition to the investment in and control over the three major business segments, we have set four major targets:

1. Investment

The Company will strengthen its efforts in refining the database for the projects and post-investment management by developing its post-investment management system with the collaborations of various departments so that it will be able to keep track of the recent situations and significant developments in coming up with targeted recommendations that suit the real situations of the projects.

2. Finance

The Company will strengthen its efforts in financial management in an active manner on Cuihu Xiangshan Project, the New Hotel Project, general working capital and other issues. The Company will maintain active communication with financial institutions to gain access to a wider range of financing channels and fund our projects with the best financing plans so that the projects will advance with good progress at low finance expenses.

3. Risk Management and Internal Control

The Company will refine the performance assessment and management systems of the companies of the Group. It will also organise regular meetings on analysis of their operations. Starting from further implementation of its Compiled Internal Control Systems, the Company will go on to strengthen its efforts in developing risk management and internal control systems for the Group.

4. Human Resources

The Company will push forward human resources sharing among the Group. It will actively explore any possible way of managing employees assigned to work overseas and refine the relevant measures. The Company will implement the relevant group-wide system of regular performance assessment.

UPDATES ON DISPUTES IN RESPECT OF THE EARNEST MONEY PAID BY THE GROUP

A letter of intent ("Letter of Intent") in relation to the possible acquisition of 80% of the issued share capital in a company ("Target Company") was entered into in August 2008 (as amended and supplemented) by the Group with a possible vendor ("Possible Vendor", being an independent third party of the Company). The Target Company then owned a wholly foreign-owned enterprise established in the PRC. Pursuant to the Letter of Intent, earnest money ("Earnest Money") in the amount of RMB26 million was paid by the Company to the Possible Vendor. The repayment of the Earnest Money was secured by, among others, certain pledge created by the Possible Vendor over certain shares of the Target Company ("2008 Share Charge") and a loan assignment executed by a company owned and controlled by the Possible Vendor, both in favour of the Company.

Since the Company could not reach agreement with the Possible Vendor on the terms of the proposed acquisition after undertaking detailed due diligence review on the Target Company, the Company decided not to proceed with the proposed acquisition and the Letter of Intent was terminated accordingly. However, the Possible Vendor refused to refund the Earnest Money to the Company. As such, legal proceedings were instituted against the Possible Vendor for the refund of the Earnest Money. In this connection, receivers ("Receivers") were also appointed by the Company under the 2008 Share Charge.

Trial of the case was conducted in the Court of First Instance of the High Court of Hong Kong in May 2012. Judgment ("CFI Judgment") was delivered on 7 June 2012. Written reasons for the CFI Judgment were handed down on 19 June 2012. The CFI Judgment was awarded in favour of the Company.

In June 2012, the Possible Vendor and related parties ("Appellants") applied for appeal to the CFI Judgment. The appeal was heard before the Court of Appeal on 10 September 2013 and judgment ("CA Judgment") was handed down on 27 September 2013. Save for an order in the CFI Judgment be substituted with an order that the Company be paid HK$30 million (instead of the Hong Kong dollars equivalent of RMB26 million) with interest at the best lending rate of Hong Kong banks from 27 May 2009 to 7 June 2012, the appeal was dismissed with costs in the Company's favour and the CFI Judgment was upheld.

No further appeal against the CA Judgment was filed by the Appellants. For the financial year ended 31 December 2013, a total sum of approximately HK$40.8 million was received by the Company in partial satisfaction of the CA Judgment, which includes (1) full payment of the Earnest Money with interest thereon and (2) partial payment of agreed costs and interest thereon payable by the Appellants to the Company. For the financial year ended 31 December 2014 ("FY2014"), a further total sum of approximately HK$2.2 million was received by the Company as partial payment of agreed costs and interest thereon payable by the Appellants to the Company. The Company will soon proceed to assess its damages against the Appellants pursuant to the CFI Judgment and the CA Judgment. Based on the legal advice obtained from its legal advisers, they will liaise with the Receivers when necessary and will proceed to fix the assessment of damages hearing as and when appropriate.

The Company was informed that the Possible Vendor commenced legal proceedings in the PRC against the Receivers for personal liabilities in the sale of certain assets which indirectly belonged to the Target Company. Judgment of such proceedings was given in favour of the Receivers in the first round, and an appeal made by the Possible Vendor was also dismissed.

The Company was also informed that in August 2013, the Target Company commenced proceedings in Hong Kong against the Receivers for recovery of loss in respect of the sale of the assets of the Target Company as mentioned above.

So far as the Company is aware, the Company has not been named as a party to any such proceedings brought against the Receivers. However, the Company cannot preclude the possibility of being subsequently named as a party to any of such proceedings. The Company has received requests from the Receivers to seek indemnity from the Company for certain liability (including costs) falling upon the Receivers in connection with the exercise of their powers under the 2008 Share Charge. As advised by the Company's legal counsel, the Receivers have yet to substantiate its demand for such indemnity from the Company, the Company therefore believes that no provision has to be made in such connection for the time being.

For details of the above matters, please refer to the Company's announcements dated 10 September 2008, 20 July 2009, 21 June 2012, 2 October 2013 and 24 January 2014 respectively, and the Company's annual reports for 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and its interim report for 2020.

The Company will closely monitor the development of the matter. Where necessary, the Company will make announcement to inform the Shareholders and investors of any material development.

LIQUIDITY AND FINANCIAL RESOURCES

Except for the issue by the Company of (1) a promissory note ("Promissory Note") in relation to the acquisitions of Lamdeal Consolidated Development Limited and Lamdeal Golf & Country Club Limited, (2) the convertible bonds ("Convertible Bonds") with an aggregate value of HK$500 million to PA Bloom Opportunity III Limited and Prominent Investment Opportunity IV Limited pursuant to a subscription agreement dated 10 April 2013, and (3) the financing obtained for payment of the remaining land price for the Cuihu Xiangshan Project, in 2013, the Group generally finances its operations with internally generated cashflow and bank borrowings provided by its principal bankers.

As disclosed in the section headed "Management Discussion and Analysis — Facility Agreement for a Syndicated Loan of HK$2 billion" of 2015 annual report, the Company entered into the 2015 Facility Agreement with the 2015 Lenders pursuant to which the facility was agreed to be granted by the 2015 Lenders to the Company for a term of four years from the date of the 2015 Facility Agreement, subject to the terms and conditions contained therein.

On 15 August 2017, the Company, as borrower, entered into the 2017 Facility Agreement with the 2017 Lenders and JTD, JTP, as guarantors, pursuant to which the 2017 Facility was agreed to be granted by the 2017 Lenders to the Company for a term of 48 months from the date of the 2017 Facility Agreement and subject to the terms and conditions of the 2017 Facility Agreement for refinance of the 2015 Facility. The 2017 Facility is secured and with a floating interest rate. As at the date of 2017 annual report, the Company has drawn down HK$2 billion from the 2017 Facility and repaid for the 2015 Facility in full. For details of the 2015 Facility

Agreement and the 2017 Facility Agreement, please refer to the Company's announcements dated 28 July 2015 and 15 August 2017, respectively.

On 18 July 2017, JPD Company entered into a project facility loan agreement ("Project Facility Agreement") with a bank ("2017 Bank Lender") in the PRC as lender pursuant to which a project facility ("2017 Project Facility") of up to RMB300 million was agreed to be granted by the 2017 Bank Lender to JPD Company for a term of twelve years from the date of the Project Facility Agreement. The 2017 Project Facility was secured and with a floating interest rate. The above obligations lapsed upon repayment of the 2017 Project Facility during FY2019.

On 20 September 2019, JPD Company entered into a project facility loan agreement ("September 2019 Project Facility Agreement") with a bank ("2019 Bank Lender") in the PRC as lender pursuant to which a project facility ("2019 Project Facility") of up to RMB550 million was agreed to be granted by the 2019 Bank Lender to JPD Company for a term of fifteen years from the date of the September 2019 Project Facility Agreement. The 2019 Project Facility was secured and with a floating interest rate. As at the date of this annual report, JPD Company has drawn down RMB225.9 million from the 2019 Project Facility.

The Group's time deposits and cash and cash equivalents as at 31 December 2020 amounted to approximately RMB1,705.9 million (31 December 2019: RMB1,457.8 million), of which approximately RMB1,562.1 million (31 December 2019: RMB1,347.7 million) were denominated in RMB, approximately RMB143.8 million (31 December 2019: RMB110.1 million) were denominated in Hong Kong dollars.

As at 31 December 2020, trade receivables amounted to RMB528.9 million (31 December 2019: RMB510.3 million). Increase in trade receivables was mainly due to the increase in the relevant trade receivables of fuel wholesale business under the Public Utilities segment.

In addition, the Group held securities measured at fair value through profit or loss of approximately RMB0.2 million as at 31 December 2020 (31 December 2019: RMB0.3 million), all of which RMB0.2 million were denominated in Hong Kong dollars (31 December 2019: RMB0.3 million). The securities measured at fair value through profit or loss comprised some listed securities in Hong Kong.

During the FY2020, the Group has subscribed for wealth management products of Shanghai Pudong Development Bank, Zhuhai Branch in an aggregate amount of RMB70 million and wealth management products of Bank of China, Zhuhai branch in an aggregate amount of RMB8.34 million.

Total interest-bearing bank borrowings amounted to approximately RMB2,803.3 million as at 31 December 2020 (31 December 2019: RMB3,426.2 million).

The Group's gearing ratio was 0.58 as at 31 December 2020 (31 December 2019: 0.61), which is net debt divided by total shareholders' equity plus net debt. Net debt included interest-bearing bank borrowings, trade and bill payables, accrued liabilities and other payables, construction payables, lease liabilities, amounts due to a shareholder and related companies less restricted bank balances, time deposits and cash and cash equivalents.

As at 31 December 2020, the Group had a current ratio of 1.13 (31 December 2019: 1.34) and net current assets of RMB1,016.6 million (31 December 2019: RMB2,257.5 million).

As at 31 December 2020, interest-bearing bank borrowings that were outstanding amounted to RMB2,803.3 million (31 December 2019: RMB3,426.2 million), which mainly comprised of (1) principal amount of RMB1,910.5 million with the final maturity date falling due in 2021; (2) principal amount of RMB444.4 million with the final maturity date falling due in 2022; (3) principal amount of RMB254.9 million with the final maturity date falling due in 2023; (4) principal amount of RMB34.5 million with the final maturity date falling due in 2024; and (5) principal amount of RMB159.0 million with the final maturity date falling due in 2025 and up to 2034.

As at 31 December 2020, the Company had no outstanding amount payable pursuant to the Promissory Note and the Convertible Bonds (31 December 2019: nil). Both the Promissory Note and the Convertible Bonds were fully redeemed by the Company in 2016.

From the issue date to 24 November 2018, the expiry date of the warrants, no warrantholder had exercised the warrants (the "Warrants") issued pursuant to the subscription agreement dated 18 November 2013.

On 20 January 2020, the Company, as borrower, entered into a term loan facility letter ("January 2020 Facility Letter") with a bank, pursuant to which the bank has agreed to grant to the Company a committed term loan facility of up to HK$200 million having the term of 36 months commencing from each drawdown during the availability period which is 6 months beginning from the date of the Company's acceptance of the January 2020 Facility Letter. Please refer to the Company's announcement dated 20 January 2020 relating to the January 2020 Facility Letter and the Company's disclosure pursuant to Rule 13.18 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") for information.

On 23 July 2020, the Company, as borrower, entered into a term loan facility letter ("July 2020 Facility Letter") with a bank, pursuant to which the bank has agreed to grant to the Company a term loan facility of up to HK$300 million having the maturity date falling 3 years from the date of the Company's acceptance of the July 2020 Facility Letter. Please refer to the Company's announcement dated 23 July 2020 relating to the July 2020 Facility Letter and the Company's disclosure pursuant to Rule 13.18 of the Listing Rules for information.

On 12 March 2021, the Company, as borrower, entered into a loan facility Agreement ("12 March 2021 Facility Agreement") with a bank, pursuant to which the bank has agreed to grant to the Company a loan facility of up to HK$300 million having the maturity date falling 12 months from the date of the drawdown under the 12 March 2021 Facility Agreement (the "12 March 2021 Facility"). Please refer to the Company's announcement dated 12 March 2021 relating to the 12 March 2021 Facility Agreement and the Company's disclosure pursuant to Rule 13.18 of the Listing Rules for information.

On 26 March 2021, the Company, as borrower, entered into a facility letter ("26 March 2021 Facility Letter") with a bank, pursuant to which the bank has agreed to grant to the Company a term loan facility of up to HK$500 million having the maturity date falling 2 years from the date of each drawdown by the Company under the 26 March 2021 Facility Letter (the "26 March 2021 Facility"). Please refer to the Company's announcement dated 26 March 2021 relating to the 26 March 2021 Facility Letter and the Company's disclosure pursuant to Rule 13.18 of the Listing Rules for information.

NUMBER AND REMUNERATION OF EMPLOYEES

At the year end, the Group had approximately 2,284 employees. During FY2020, the level of our overall staff cost was approximately RMB282.0 million (2019: RMB302.5 million).

The Group operates and maintains defined benefit pension plans. According to the plans, the Group makes pension payments to its retired employees till their death with reference to their respective positions at the time when they retire. The expected cost of providing these post-retirement benefits is actuarially determined and recognised by using the projected unit credit method, which involves a number of assumptions and estimates, including discount rate, employee turnover rate and mortality rate and etc. The latest actuarial valuation of the defined benefit pension plans was made as at 31 December 2020 by Mark Whatley, Fellow of the Institute of Actuaries (FIA) and Fellow of the Singapore Actuarial Society (FSAS), of Milliman Private Limited. As at 31 December 2020, the Group's aggregate defined benefit obligations was approximately RMB131.9 million (31 December 2019: RMB135.7 million).

Remuneration of employees is determined and reviewed annually with reference to the market standard, individual performance and working experience, and certain staff is entitled to commission and share options. In addition to the basic salaries, the Group also provides, depending on the results of the Group and individual performance, staff benefits including discretionary bonus, contributory provident fund or mandatory provident fund, and professional tuition/training subsidies in order to retain quality employees.

DIVIDEND

The Board has not recommended the payment of a final dividend (FY2019: Nil) for FY2020 to the Shareholders.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Tuesday, 29 June 2021. The notice of the forthcoming annual general meeting will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.0908.hk and dispatched to the Shareholders in due course.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had contingent liabilities in respect of financial guarantees on mortgage facilities for certain purchasers of the Group's properties amounted to approximately RMB1,478.6 million. Except for these financial guarantees as disclosed above, the Group had no material contingent liabilities as at 31 December 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2020, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis — Outlook" as stated aforesaid.

CHARGES ON ASSETS

As at 31 December 2016, the repayment obligation of the Company under the 2015 Facility was secured by a charge ("2015 Share Charge") over 15,600 ordinary shares in JTD ("JTD Shares") and 100 ordinary shares in JTP ("JTP Shares"), representing the entire issued share capital of JTD and JTP, and a charge over a bank account of the Company ("Bank Account Charge") in favour of the facility agent ("2015 Agent") on behalf of the 2015 Lenders. On 28 August 2017, a deed of release was entered into between the Company, as chargor and the 2015 Agent on behalf of the 2015 Lenders as chargee to release the 2015 Share Charge over JTD Shares, JTP Shares and the Bank Account Charge and discharge such security interest created under the 2015 Share Charge and the Bank Account Charge.

As at 31 December 2020 and up to the date of this annual report, the repayment obligation of the Company under the 2017 Facility was secured by a charge over a bank account of the Company in favour of Wing Lung as the 2017 Facility agent on behalf of the 2017 Lenders.

As at 31 December 2020 and up to the date of this annual report, property comprises 75 blocks of villa, a recreational complex, a health centre, a shopping arcade, a basement car park and various ancillary facilities of Zhuhai Holiday Resort Hotel with a total gross floor areas of approximately 22,367.86 sq.m. and an aggregate carrying value of approximately RMB42 million included in property, plant and equipment were pledged (together with the Company's guarantee given for part of the repayment obligation) in favour of the 2019 Bank Lender to secure the 2019 Project Facility from the 2019 Bank Lender pursuant to the September 2019 Project Facility Agreement and collateral agreement dated 20 September 2019 entered into between, among others, JPD Company and the 2019 Bank Lender.

On 26 March 2021,pursuant to the terms of the Facility, each of 珠海九洲企業管理有限公司 (Zhuhai Jiuzhou Corporation Management Co., Ltd.*), a wholly owned subsidiary of the Company, and ZJ Property Development Company, a non-wholly owned subsidiary of the Company and a connected person of the Company under Chapter 14A of the Listing Rules, is required to pledge certain fixed-term bank deposits as security for the 26 March 2021 Facility ("Pledge").

FOREIGN EXCHANGE EXPOSURE

Most of the businesses of the Group are operated in Mainland China, and most of the revenues and costs were denominated in RMB or Hong Kong dollars. And the assets and liabilities of the Group are mostly denominated in RMB or Hong Kong dollars. The management does not expect significant exposure to foreign exchange fluctuations. The Group currently does not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

CAPITAL STRUCTURE

As at 31 December 2020, the number of issued ordinary shares ("Shares") of the Company was 1,427,797,174 Shares (31 December 2019: 1,427,797,174 Shares) in aggregate and the Shareholders' equity of the Group was approximately RMB2,084.5 million (31 December 2019: RMB1,974.5 million). The increase in the Shareholders' equity of the Group during FY2020 was mainly attributable to profit for the year.

SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") was adopted by ordinary resolution passed by the shareholders of the Company on 28 May 2012. Under the Share Option Scheme, the directors of the Company may grant options to subscribe for shares of the Company to eligible participants, including without limitation employees of the Group, directors of the Company and its subsidiaries.

During FY2020, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme. Moreover, the Company had no share options outstanding as at 31 December 2020.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

During FY2020, there was no significant investment held, material acquisition or disposal of investment, subsidiary or associated company, except for those disclosed under the heading "Management Discussion and Analysis" as stated aforesaid.

ABOUT THE REPORT

Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (collectively, the "Group") are pleased to present this Environmental, Social and Governance ("ESG") Report.

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited. The scope of the report covers our major operations in Mainland China and Hong Kong, such as ferry services, public utilities, hotel services and property development. Thus, the report provides an overview of our ESG management approach, related initiatives and environmental performance indicators during the period of 1 January 2020 to 31 December 2020.

During the year 2020, the Company continued to commit to the sustainable development of its business and create long-lasting values for our stakeholders, which includes our employees, customers, shareholders, business partners and the community. We communicated with stakeholders through various channels on an ongoing basis, with the goal of understanding their expectations and feedback with regard to sustainable development. The key ESG interests and concerns of stakeholders are identified and addressed in this report.

For further details of the Group's compliance with relevant laws and regulations, please refer to the information under the paragraph titled "Environmental policies, performance and compliance with laws and regulations", where the section headed "Report of the Directors" forms part of this ESG Report.

STAKEHOLDER ENGAGEMENT

Our stakeholder engagement helps to ensure that we have considered a diverse range of perspectives as we seek to meet the needs of our customers, add value for shareholders, provide fulfilling careers for our employees, and contribute to building a vibrant local economy and civic pride.

We recognise the benefits of openly and actively engaging with our stakeholders, including customers, shareholders, employees, business partners, regulators, suppliers, media and community. Our management has reviewed our business operations and industry development. We have therefore determined several ESG topics where our stakeholders pay more attention to: customer satisfaction, supplier and customer management, employee benefits, poverty alleviation.

Key Stakeholders	Engagement Channels
Customers	• Daily operations and interactions • Customer satisfaction surveys • Corporate website
Shareholders	• Annual General Meeting and other meetings • Corporate communication including circulars, notifications, result announcements, annual and interim reports
Employees	• Regular employee meetings and gatherings • Training, seminars and workshops • Performance and development discussions • Volunteering activities
Business partners	• Meetings and seminars • Site visits
Regulators	• Circulars or guidelines • Ad-hoc enquiries
Suppliers	• Supplier evaluations and performance reviews • Site visits and meetings
Media	• Management interviews and meetings • Results announcements
Community	• Volunteering activities • Sponsorships and donations • Community outreach

ENVIRONMENT PROTECTION

Emission

The Group has been dedicated to minimising the impact on the environment by looking for ways to improve energy efficiency, reduce greenhouse gas (GHG) emissions and control waste discharges. Each business segment of the Group undertakes extensive activities to reduce GHG emissions throughout its operation processes.

In the public utility's operation, fuel transportation and storage are the key operations that enable fuelling stations to serve customers every day. To reduce the amount of pollution which may be resulted from gasoline and diesel leakage, we have adopted two-compartment oil tanks and enhanced oil and gas recovery system in 2020. We have installed a GPS system on our truck tankers to monitor the travelling route and distance. By choosing the most appropriate route, fuel consumption and carbon emission could be reduced effectively. In addition, we have obtained the Sewage Discharge Permit for all our gas stations.

Our property development subsidiaries endeavour to protect the health of their customers by controlling the amount of harmful gas emissions. During the reporting period, environmentally friendly building materials, such as gypsum, talcum powder, sand, wood, glass and natural stone, are adopted to replace traditional materials in property construction. To control the emissions of hazardous gas, air monitoring system and purification machines are installed before renovation work is carried out. The level of harmful gas in the air, such as formaldehyde, is therefore maintained at an acceptable low level in favour of customers' health. Besides, we encourage our employees to minimise vehicle usage to reduce GHG emission.

The day-to-day operations of the ferry services may involve an unintentional release of hydrocarbon emissions. To curb these fugitive emissions, Zhuhai High-speed Passenger Ferry works to mitigate environmental impacts and strictly follow all regulations set out by the local government and the International Maritime Organisation. We have undertaken regular maintenance and testing in our maritime transportation service in order to maintain operational efficiency and reduce air and GHG emissions. We have replaced new generators for our ferries to ensure that international emission standards are met.

Our Zhuhai Holiday Resort Hotel has achieved remarkable results in respect of energy conservation during the reporting period. Aside from the continuous replacement of old lightbulbs with LED lightbulbs in our guest rooms and restaurants, the hotel first considers energy-saving and technological-advanced models during the purchase of new equipment. The Housekeeping Department also encourages long-stay hotel guests to reduce the frequency of linen and towel replacements, thus reducing water and detergent consumption. Furthermore, the Engineering Department switched the fuel type from diesel oil to natural gas for certain hotel kitchen equipment, staff canteen and hotel boiler room to reduce GHG emissions. With the introduction of new energy-saving technology and practices, the emission reduction progress is further enhanced in 2020, where the hotel's consumption of standard coal has been reduced by 2,000 kg.

Banquet remains one of the major sources of waste in our hotel's operations. To facilitate sustainable food waste management and promote food waste recycling, we continuously corporate with various pig farms to collect the leftovers for the production of pig feed. Throughout the sustainable programme, over 20,000 kg of food waste were recovered to produce pig feed every month. This greatly reduces waste disposal to landfills and the environment from our hotel's operation.

Numerous actions were carried out to minimise waste generated within the Group and its subsidiaries. We have collected and donated old offices, security and surveillance equipment to underprivileged communities. In addition to donations, we follow our internal waste recycling policies, which old furniture in our hotel have been repaired and reused in the back office. Same as the previous year, over 100 items were repaired in 2020, which our procurement cost has been reduced directly.

USE OF RESOURCES

The Group has continued to implement its plan for efficient use of resources in 2020. In respect of energy saving, we have purchased and used energy-saving equipment. The office lamps of our property development business are all energy-saving models. Staff are encouraged to turn down the brightness of their computer screens and required to turn off electrical appliances before leaving the office. The electricity consumption for lighting has been successfully reduced by 25% during the reporting period. In our hotel, all refrigerators in restaurants are fully upgraded with the energy-saving model during 2020. In addition, an energy management system, introduced by the Zhuhai Science, Technology, Industry, Trade and Information Technology Bureau, had been installed to monitor the daily electricity usage.

Further to energy-saving practices, the Group developed different innovative methods to make the best use of its resources. In our public utility's operation, volatilised gasoline and gas are collected in the process of loading and unloading gasoline as well as refuelling vehicles. The collected fuel is converted to liquid and recycled back to gasoline as needed. In our ferry business, a bonus scheme was implemented to encourage captains to reduce diesel consumption. By adjusting the ship size according to the passenger flow and adopting economical speed, more efficient use of resources could be achieved. Besides, the Group also promotes efficient use of paper resources and other printing materials. We encourage our staff to print in double-side, use network printers and share printers and binding machines among departments.

The Group regards water as an important natural resource. Our hotel strictly abides to the guidelines and targets set by Zhuhai Branch of Marine Fisheries and Water. We collect rainwater through our artificial lake and reuse it in different water-based activities, such as watering plants and toilet flushing to reduce freshwater consumption. To minimise the pollution imposed on the natural environment, our public utility operations have obtained wastewater discharge permit for all their gas stations. They strictly monitor and control the discharge to avoid any non-compliance with relevant laws and regulations.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group endeavours to minimise the environmental impact of its operations through robust measures. In our hotel operation, procurement and use of pesticides have been replaced by artificial weeding so as to minimise the impacts on biodiversity. Our hotel is one of the first batches of the green hotels in China. We have established a working group to formulate plans for energy conservation and emission reduction. Furthermore, we have also developed a plan to procure half of our paper supply from sustainable sources.

Our property development business has also established a dedicated working group and "Construction Site Air Pollution Control Action Notice" to prevent dust and other emissions that pollute the environment. Project managers act as chairmen to initiate different ventures that minimise air emissions release to the surrounding environment. Furthermore, we work to supervise and manage all our subcontractors and business units to be in full compliance with the circulated notice on the prevention and control of atmospheric pollution caused by construction dusts. Relevant parties would have to ensure

- Construction site is fully enclosed
- Unused sand is fully covered
- Construction site is fully hardened
- Demolition projects are fully sprinkled with water to minimise construction dust
- Vehicles are fully washed and cleaned before departing from the construction sites
- Bare soil in construction sites are fully covered with greenery

In the future, the Group will continue to adopt different energy, gas and water-saving initiatives, such as replacing old water-supply facilities with new, water-saving equipment and using energy-saving appliances in our daily operation to minimise environmental impacts.

Environmental KPIs	**Unit**	2019	**2020**
Nitrogen oxides (NOx) emissions	tonne	3.25	**0.90**
Sulphur oxides (SOx) emissions	tonne	0.28	**0.14**
Particulate matter (PM) emissions	tonne	0.25	**0.08**
Total greenhouse gas (GHG) emissions	tonne CO_2e	70,978.28	**44,288.26**
Scope 1 — Direct emissions and removals	tonne CO_2e	58,204.29	**30,343.57**
Scope 2 — Energy indirect emissions	tonne CO_2e	12,773.99	**13,944.69**
Total non-hazardous waste produced	tonne	763.54	**690.00**
Total energy consumption	MWh	206,433.86	**116,476.45**
Total direct energy consumption	MWh	191,166.75	**99,136.62**
Petrol	MWh	255.95	**384.13**
Diesel	MWh	187,220.68	**94,633.15**
Natural gas	MWh	3,690.12	**4,119.33**
Total direct energy consumption intensity	kWh/Revenue RMB'000	16.18	**12.55**
Total indirect energy consumption	MWh	15,267.11	**17,339.83**
Purchased electricity	MWh	15,267.11	**17,339.83**
Total indirect energy consumption intensity	kWh/Revenue RMB'000	1.29	**2.20**
Water consumption	m^3	347,941.20	**335,045.46**
Water consumption intensity	m^3/Revenue RMB'000	0.03	**0.04**

EMPLOYMENT AND LABOUR PRACTICES

Employment

We regard employees as our most valuable asset, thus we have developed comprehensive human resource policies in respect to areas such as recruitment, promotion, working hours, and equal opportunity to safeguard our employees' rights and benefits. Further to the strict compliance towards the Labour Law of the People's Republic of China, the Group also strongly abides by relevant local laws and regulations in areas it operates. The Group has worked to ensure every employee is paid above the minimum wage set by Zhuhai City local government and appropriately compensated for any overtime work. We adhere to the fair and equal principle throughout the recruitment and promotion process. Age and gender of applicants will not affect their chances of being hired. In addition, we reward our staff based on their year-end performance reviews. This not only encourages our employees to aim and work at their best, but also ensures their hard work and efforts are recognised.

To stay competitive and retain talents, the Group regularly benchmarks its remuneration packages with the market. In addition, we also conduct continuous evaluations to optimise our employees' compensation system to ensure that relevant promotion opportunities and satisfactory benefits are provided to our staff. A broadband salary structure has been established. Positions are divided into eight different levels where the staff on all levels have equal promotion opportunities.

The Group is also dedicated to promoting healthy work-life balance and provide a friendly working atmosphere within its operations, through organising different leisure and outdoor activities such as sports competitions and regular hiking activities for the staff. Team building events are organised for all staffs during the year to enhance their sense of belonging to the Group and team working spirit. Different internal activities such as birthday celebration, Christmas party and reunion dinners have also been organised within the Group and across its subsidiaries to boost team cohesion, morale, and understanding.

HEALTH AND SAFETY

Protecting the health and safety of our employees is always one of the missions of the Group. We care about the occupational health, safety and wellbeing of our staff as these are the utmost important issues within the organisation. Apart from providing safety training for our new hires, we invite professionals and different government units to conduct annual safety workshops, so as to raise the occupational health and safety awareness of our employees. Our hotel business invited traffic police and fire services officers to provide safety awareness training to our employees yearly. The Group has also been working to adhere to the different labour laws and regulations. Whenever an accident or work-related injury happens, employees are required to report to their supervisors immediately to ensure proper actions are taken at first response. In the public utility business, we conduct safety checks and inspections on a regular basis to ensure relevant health and safety requirements and standards are met at our premises. We have also organised annual body checks for our employees to ensure they are in a healthy condition to carry out daily tasks. During the year, employees at all levels within the Group were offered a body check while our female employees also received an annual female check-up.

We have also implemented complete policies and procedures to guide our employees in proper identification, management and mitigation towards occupational health and safety risks. Furthermore, our ferry services are also in full compliance to international health and safety standards, including the International Regulations for Preventing Collisions at Sea (1972) and International Safety Management Code to ensure a safe operation. A safety management system, which has been granted the certificate by China Maritime Safety Administration, has been set up and put in place to ensure a safe production. To eliminate operational risks and raise our employees' awareness of workplace safety, our hotel business has established an inspection team to conduct regular checking of the working environment. In addition, annual fire drills and competitions that relate to operational safety skills have also been conducted for our employees to raise their awareness of workplace safety.

TRAINING AND DEVELOPMENT

Talent development has been considered as one of the key components of the Group to sustain its competitive edge in the market. Hence, a wide range of job-related training programmes that matches the needs, working level and job duties of our employees are offered. In addition to the mandatory new-joiner training, regular operational training has also been offered to our employees to replenish their technical knowledge and soft skills required for their day-to-day operations. We have launched a "Basic Hotel Knowledge and Measurable After Quiz" in summertime to encourage and nurture improvement in our employees' services.

Our maritime business also provides various training such as new staff induction, safety management system, and maritime operational, navigational and other refresher training for employees to ensure professional requirements are met. To promote environmental protection, we organised a visiting activity to the Domestic Waste Classification Experience Hall in Zhuhai for our staff during the year. Through participating in the activity, we would like to encourage our staff to apply and promote waste classification in workplace.

To promote a culture of learning and attracting employees to upgrade themselves, our property development operation organised different types of activities and training workshops during the year. A book donation activity was organised for our employees to exchange or pass their books to people who are interest in, thus it helps to magnify the books' value and encourage employees to develop a reading habit. Besides, we have carried out more than 30 technical and managerial training sessions, covering numerous topics such as procurement and tendering, costing management, safety management, construction management, internal framework management, laws and regulations etc.

The Group always places great emphasis on talent development. To provide our future pillars with a deeper insight regarding the business and industry of the Group, we have been working to offer more internship opportunities to students from universities and professional institutions. For instance, our public utility business has initiated a rotational program that allows outstanding employees to be selected and rotated amongst different departments within the company. This ensures our elite employees gain a full understanding of the company's function.

LABOUR STANDARDS

The Group upholds high labour standards throughout our businesses. The use of child or forced labour in our operations is strictly prohibited, and we expect our suppliers to follow and apply the same standard of labour practices throughout their operations. The Employee Code of Conduct and the Employee Handbook are widely distributed to standardise different employee management procedures. To ensure they are at the legal working age, the Group strictly requires its applicants to provide a household registry and proof of identity. The Group also ensures its operations comply with the latest labour regulations. The Regulation on Ensuring Wage Payment to Migrant Workers was updated by State Council in May 2020. To ensure timely payment of wages to migrant workers, our Accounting Department reviews the actual payment records on a monthly basis.

We do not force or encourage our employees to work overtime, but an appropriate allowance that meets legal requirements is provided if necessary. Our maritime business has established a labour union and workers' congresses so employees' benefits and interests could be better understood and responded to.

SUPPLY CHAIN MANAGEMENT

The Group interacts with a network of suppliers and service providers to source its goods and services. We work to exert a positive influence on our supply chain. Thus, numerous internal policies that regulate our procurement practices, such as the Procurement Management Guidelines, have been established to ensure we fully apply with regulatory requirements at all levels, including the "Measures for the Control of Processed Oil Market" that regulates our trading and risk related management procedures. Clear instructions and guidelines are also in place for our selection of suppliers.

The Group is dedicated to working only with suppliers that align with our sustainability and ESG standards and visions.

The Suppliers' Code of Conduct has been issued to all our vendors and service providers. To maintain high-quality service of our suppliers, regular assessments and evaluations are carried out to guarantee that they are in full compliance with relevant manuals. Our hotel business conducts bi-annual assessments and evaluations to search for suppliers that have an acute environmental awareness.

PRODUCT RESPONSIBILITY

Customers' safety is considered as one of the Group's top priorities. Over the year, we are dedicated to providing high-quality and safe services to all our customers. Policies and systems are in place to maintain the high reliability of our services. In our ferry service business, we abode by the safety management system and standardised production and operation processes which allowed us to manage the risks and minimise the number of incidents in relation to customers' safety and service reliability. Regular internal meetings are organised for the management to review the effectiveness of current practices regarding production safety and training is also conducted periodically for employees to enhance their understanding of the Employee Handbook and current policies with regards to product responsibility. For the purpose of protecting the health and reducing the risk of spreading of Coronavirus ("COVID-19"), we require all crew members to perform virus testing and obtain travelling health certificates from the government before they are on duty.

In our hotel business, learning courses are organised periodically to help our staff to understand the Employee Handbook and update their knowledge about the products offered by the hotel. We aim to equip our staff with the ability to answer questions raised by customers and uphold the hotel's standard. Our property operations also place great emphasis on the aspect of product responsibility. We have recruited internal and external experts to perform daily inspections and surprise checks during the construction period. A final quality check will be performed to ensure that our property operations' specifications could be met before formal delivery.

As customer feedback is vital to our assessment of product quality and pursuit of service excellence, we actively engage and communicate with our customers and stakeholders through various channels to collect their feedback and understand their changing needs and expectations. A comprehensive complaint handling mechanism has been developed and put in place to ensure customers' complaints are handled by relevant departments timely. Our ferry services business collects customers' feedback through hotline and website. Feedback and complaints are followed up by the designated teams in a timely manner. In addition, customer data and personal information is also handled carefully in a serious manner. It is only accessible by authorised personnel and disclosed on a need-to-know basis.

ANTI-CORRUPTION

The Group operates with high standards of integrity, transparency and accountability. We have zero-tolerance for any forms of bribery, corruption and unethical practices. To extend our responsibility, our suppliers are also constantly reminded of our stance in regard to anti-corruption, anti-bribery and anti-money laundering. Whistle-blowing mechanisms have been put in place to allow employees and third parties to report suspicious cases in a confidential manner.

Our property development service has established strict operational guidelines, which include business payments, office supply procurements, guest reception and business car use. Procedural manuals, including the guidelines for construction project management have been implemented in our hotel to prevent potential misconduct or impropriety. A supervising team that consists of professionals and auditors has also been established to manage and carry out regular inspections towards different large-scale projects. To avoid conflict of interests, regular workshops are held to ensure our anti-corruption principles and initiatives are well communicated to all of our employees. Posters and slogans are passed around in the office area to promote anti-corruption. Furthermore, our public utility business has adopted a branched management system, where any type of transaction would have to undergo multiple audits to prevent any form of bribery. Multiple layers of approvals and segregation of duties across different departments are established in the procurement processes to avoid possible conflict of interests.

COMMUNITY INVESTMENT

The Group is dedicated to giving back to the communities in which it operates. Volunteering teams have been established to visit elderly homes and participate in different charity events. Clothing and cash are also donated on a regular basis to act as a relief for the underprivileged. Numerous fund-raising activities have been organised within 2020 to support initiatives, which include but are not limited to, the renovation of public facilities and the provision of educational funds to bring village children back to school. Also, we have been actively giving away our unused or outdated surveillance equipment and office supplies to help underprivileged communities. Our property development business organised the "Guangdong Poverty Alleviation Day" to raise money and for our employees to show their support to the poor from the rural areas. Our ferry business also purchased products from low-income family amounting RMB132,000 such as walnuts, ducks, gooses, apples and tea to support their living.

During the outbreak of COVID-19, the Group provided support to the local government to fight against the virus. We have assigned a representative from our public utility's operation to assist the community. The representative acted as the inspection guard in residential areas, helping to measure the temperature of visitors and making register for door-to-door investigation. We encourage our staff to imitate and perform the same kind of activities to make contribution to society.

REGULATORY COMPLIANCE

The Group is committed to ensuring its businesses are operated in compliance with relevant laws, rules and regulations. We entrust law firm to review business and contract compliance. In addition, the audit and supervision department will also audit the internal control of equity investment companies. Regulatory frameworks within which the Group operates are analysed and monitored; internal policies are prepared and updated accordingly. Workshops or trainings are also conducted where necessary to strengthen employee's awareness and understanding of the Group's internal controls and compliance procedures.

We did not observe any forms of non-compliance with laws and regulations within the reporting period that may cause a potential impact on the Group's operating areas, such as environmental protection and conservation, employment, labour practices, operational and organisational activities.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zeng Jianping, aged 52, was appointed as an executive Director on 20 April 2020. He is chairman of the Board and chairman of the nomination committee of the Company with effect from 29 June 2020. Mr. Zeng was awarded an undergraduate certificate in ideological and political education from the Department of Social Sciences of Central South University (formerly known as Central South Industrial University* (中南工業大學)), the People's Republic of China. He further obtained a master's degree in regional economics from Jilin University, the People's Republic of China. He is currently the chairman of the board of directors and the legal representative of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), the controlling shareholder of the Company. Before joining ZJ Holdings and the Company, Mr. Zeng previously worked at the Commission for Discipline Inspection (the "CDI") of Zhuhai City and the Supervision Bureau* (監察局) of Zhuhai City from July 1990 to June 2007, and served as the director of the office of the CDI and the director of the office of the Supervision Bureau of Zhuhai City from April 2006 to June 2007. He was the deputy secretary of the Party Committee of the State-owned Assets Supervision and Administration Commission (the "SASAC") of Zhuhai Municipal People's Government* (珠海市人民政府國有資產監督管理委員會), the secretary of the Commission for Discipline Inspection of the SASAC and administrative ombudsman* (行政監察專員) from June 2007 to June 2009. He served as the deputy director of the Municipal SASAC (市國有資產監督管理委員會) from July 2009 to January 2015. From January 2015 to March 2018, Mr. Zeng was the chairman of the board of directors and the legal representative of Zhuhai Water Environment Group Co., Ltd* (珠海水務集團有限公司). From July 2015 to October 2016, Mr. Zeng also served as the chairman of the board of directors of Guangdong Haiyuan Environmental Protection Technology Co., Ltd.* (廣東海源環保科技有限公司). He was also the chairman of the board of directors and the legal representative of Zhuhai Water Environment Holdings Group Limited (珠海水務環境控股集團有限公司) from March 2018 to January 2020. He has been the chairman of the board of directors of ZJ Holdings since January 2020, and the legal representative of ZJ Holdings since 19 February 2020. He was appointed as the vice chairman of Guangdong Tourism Association in July 2020. Mr. Zeng has more than 30 years of experience in management.

Mr. Jin Tao, aged 57, was appointed as an executive Director in January 2012 and as the chief executive officer of the Company on 8 April 2020. Mr. Jin was promoted as the director and general manager of ZJ Holdings effective from 12 December 2017. Mr. Jin was previously an executive director of the Company from September 2002 to July 2009. He served as the chairman of the board of directors and legal representative of Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司), a non wholly-owned subsidiary of the Company, until 1 July 2019; he also served as the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) until 1 July 2015; and the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Tourism Development Co., Ltd.* (珠海九洲旅遊開發有限公司) until October 2012. He also served as the chairman of the board of directors and legal representative of Zhuhai Tianzhi Development Property Co., Ltd.* (珠海天志發展置業有限公司) ("Zhuhai Tianzhi Company") until 28 June 2019, which is an associate of ZJ Holdings, and is engaged in sales and development of property, golf course, tourism and recreational entertainment projects. He also worked as secretary of the board of directors, manager of the Operation Development Department, chief engineer, and deputy general manager in ZJ Holdings, and as director, general manager and legal representative in Zhuhai Dahengqin Investment Co., Ltd. (珠海大橫琴投資有限公司) ("ZDIC"). In the past, Mr. Jin also worked in Liyang Machinery Co., Ltd.* (黎陽機械有限公司) under the Ministry of Aviation of the People's Republic of China, the Electrical & Mechanical General Factory of Zhuhai, Gongbei Industrial General Corporation of Zhuhai Special Economic Zone, and ZDIC. In July 2020, Mr. Jin was appointed as the president of Zhuhai Tourism Federation* (珠海市旅遊總會). He is a non-executive committee member of the Zhuhai Municipal City Planning Committee. Mr. Jin holds a master degree in aircraft engineering from Northwestern Industrial University and is qualified as a senior engineer. He has over 34 years of experience in enterprise management, shipping management and maintenance, tourism management and project investment, technological development, loan, capital operation and acquisition.

Mr. Ye Yuhong, aged 55, was appointed as an executive Director in July 2009 and as a member of the nomination committee of the Company in March 2012. He is currently also a director of ZJ Holdings. In July 2020, Mr. Ye was appointed as a director and the deputy secretary of CPC Committee of Zhuhai Huafa Group Co. Ltd.* (珠海華發集團有限公司) Mr. Ye has worked in the State Key Laboratory of Laser Technology of Huazhong University of Science and Technology, the Organisation Department of CPC Zhuhai Committee, the Zhuhai Municipal Hong Kong-Macao Enterprise Office and Zhuhai Tianzhi Company as secretary, deputy division head and leader of Macao work group, assistant general manager, director, secretary of discipline inspection committee and deputy secretary of CPC Committee. Mr. Ye holds a postgraduate of Huazhong University of Science and Technology and has over 31 years of experience in Hong Kong and Macao affairs, administrative management and human resources management.

Mr. Li Wenjun, aged 55, was appointed as an executive Director in July 2009. He is currently also the deputy general manager of ZJ Holdings. He was the managing director of both The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z.* (珠海經濟特區圓明新園旅遊有限公司) and Zhuhai Water Entertainment Company Limited* (珠海市水上娛樂有限公司), the subsidiaries of the Company, until October 2015. He served as the chairman of the board of directors and legal representative of Zhuhai Jiuzhou Construction Investment Holdings Co., Ltd.* (珠海九洲建設投資控股有限公司) until 21 November 2019, which is a subsidiary of ZJ Holdings and is engaged in tourism and cultural project development and operation; real estate project development, sales, leasing, parking services, property management; project investment and development, construction materials, mechanical and electrical equipment installation, import and export of goods; organisation of cultural, exhibition exchange activities, project management services. He also served as deputy chairman of Zhuhai Jiuzhou Travel Transport Co., Ltd.* (珠海市九洲旅遊運輸有限公司), deputy chairman of Haiwei Tourism Co., Ltd.* (海威旅遊有限公司), deputy chairman of Macau Zhuhai Tourism Development Co., Ltd.* (澳門珠海旅遊發展有限公司) and deputy chairman of Guangdong Haiwei Direct Passenger Transport Co., Ltd.* (廣東海威直通客運有限公司) until 2019. Mr. Li has worked for China Ship Industrial Material South China Co., Zhuhai Commission for Economic Restructuring, Zhuhai Economic and Trade Bureau, Zhuhai State-owned Assets Operation and Administration Bureau, Zhuhai State-owned Assets Supervision and Administration Commission and Zhuhai Xinhe Transportation Group Co., Ltd.* (珠海信禾運輸集團有限公司) as secretary to general manager, deputy division head, division head, deputy chief economist, director and deputy general manager. He holds a postgraduate in Logistics Management of Huazhong University of Science and Technology and has over 31 years of experience in administrative management, economic management and financial securities.

NON-EXECUTIVE DIRECTOR

Mr. Zou Chaoyong, aged 43, was appointed as a non-executive Director of the Company on 28 May 2018. Mr. Zou was awarded a bachelor's degree in accounting from Central University of Finance and Economics (中央財經大學), the People's Republic of China, and he was awarded the qualification of senior accountant (高級會計師). He is currently a director and the financial controller of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司) ("ZJ Holdings"), a substantial shareholder of the Company. Before joining ZJ Holdings and the Company, Mr. Zou previously worked as a financial manager of Cooper Edison Power Systems Co., Ltd., a company under the Cooper Industries Group from July 2001 to June 2010. During the period from June 2010 to December 2013, Mr. Zou served as the vice general manager of Henan Province Shengyuan Anti-corrosion Installation Construction Co., Ltd.* (河南省晟原安裝防腐工程公司) and during the period from December 2013 to March 2018, Mr. Zou served as the financial controller of the State-owned Assets Supervision and Administration Commission of the Zhuhai Municipal People's Government* (珠海市人民政府國有資產監督管理委員會), when he was designated to serve as a director and the financial controller of Zhuhai Water Environment Holdings Group Ltd. (珠海水務環境控股集團有限公司), Zhuhai Urban Construction Group Co., Ltd. (珠海城市建設集團有限公司) and Zhuhai Investment Holdings Co., Ltd.* (珠海投資控股有限公司), a director of Zhuhai Chengfa Investment Holdings Co., Ltd.* (珠海城發投資控股有限公司), and a supervisor of Zhuhai Venture Capital Guidance Fund Co., Ltd.* (珠海創業投資引導基金有限公司). Since December 2017 and March 2018, Mr. Zou has been a director of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司) (stock code: 000532), a company listed on the Shenzhen Stock Exchange, and a director and the financial controller of Zhuhai Gree Group Co., Ltd.* (珠海格力集團有限公司) respectively. Since February 2019, Mr. Zou has been a director and the financial controller of Zhuhai Anju Group* (珠海市安居集團). He has over 20 years of experience in finance and accounting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chiu Chung, J.P., aged 73, joined the Company as an independent non-executive Director in April 1998. He is also the chairman of the remuneration committee, a member of the audit committee and the nomination committee of the Company. Mr. Hui is currently the chairman and chief executive officer of Luk Fook Financial Services Limited. He has over 50 years of experience in the securities and investment industry. Mr. Hui had for years been serving as council member and vice chairman of The Stock Exchange of Hong Kong Limited, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchange and Clearing Limited, an appointed member of the Securities and Futures Appeals Tribunal, a member of Standing Committee on Company Law Reform, a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission, and appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and also a member of Government "Appointees" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui was appointed by the Government of the Hong Kong Special Administrative Region a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. Mr. Hui also serves as a non-executive director of Luk Fook Holdings (International) Limited (Stock Code: 590), an independent non-executive director of Lifestyle International Holdings Limited (Stock Code: 1212), Gemdale Properties and Investment Corporation Limited (Stock Code: 535), China South City Holdings Limited (Stock Code: 1668), SINOPEC Engineering (Group) Co., Ltd. (Stock Code: 2386), Agile Group Holdings Limited (formerly known as "Agile Property Holdings Limited") (Stock Code: 3383) and FSE Services Group Limited (formerly known as "FSE Engineering Holdings Limited") (Stock Code: 331) whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Hui was an independent non-executive director of Chun Wo Development Holdings Limited (now known as "Asia Allied Infrastructure Holdings Limited") (Stock Code: 0711) from 1 January 2006 to 1 February 2015 and an independent non-executive director of Hong Kong Exchanges and Clearing Limited (Stock Code: 388) from 23 April 2009 to 29 April 2015 (whose shares are listed on The Stock Exchange of Hong Kong Limited).

Mr. Chu Yu Lin, David, SBS, J.P., aged 77, joined the Company as an independent non-executive Director in April 1998. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Chu received his Master of Business Administration degree from Harvard University after degrees in electrical engineering and management at Northeastern University, the United States and was awarded an honorary Doctor of Public Service degree from Northeastern University, the United States. Prior to joining the Group, he had worked in a number of sizeable international corporations such as Bank of America, General Electric Co., and Jardine Matheson & Company Limited. Mr. Chu is a Justice of the Peace of the Hong Kong Special Administrative Region. He is also an independent non-executive director of AVIC International Holding (HK) Limited (Stock Code: 232) and Chuang's Consortium International Limited (Stock Code: 367) whose shares are listed on The Stock Exchange of Hong Kong Limited. From 27 October 1997 to 8 June 2020, Mr. Chu was an independent non-executive director of Chuang's China Investments Limited (Stock code: 298) whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Albert Ho, aged 63, was appointed as an independent non-executive Director in September 2004. He is also the chairman of the audit committee, a member of the remuneration committee and the nomination committee of the Company. Mr. Ho graduated from the Macquarie University, Sydney, Australia with a Bachelor of Economics degree in 1985 and obtained his Master of Business Administration degree from the University of Hong Kong in 1991. He is a Certified Public Accountant and fellow member of the Association of Chartered Certified Accountants. He has extensive experience in financial and corporate management. Mr. Ho is also an independent non-executive director of SHK Hong Kong Industries Limited (Stock Code: 666), a listed company in Hong Kong.

Mr. Wang Yijiang, aged 67, was appointed as an independent non-executive Director in August 2015. He is also a member of the nomination committee of the Company. Mr. Wang holds a doctorate in economics at Harvard University. He is currently a professor of economics and human resources management and an associate dean of Cheung Kong Graduate School of Management at Beijing in charge of academics. He is also a member of editorial board at China Economic Review, a member of academic committee at Sun Ye-Fang Prize of Economics, a specially invited overseas advisor of Hunan Provincial Political Consultative Conference, an academic advisor of National Center of Fiscal and Tax Policy Research at Tsinghua University, Beijing, a senior researcher of Center of Fiscal Studies at Peking University, a fellow of Center of China in the World Economy at Tsinghua University, a senior fellow of National Centre of Economic Research of Faculty of Economics and Management at Tsinghua University, a permanent fellow of Chinese Economists' Society in North America, professor emeritus of University of Minnesota. Mr. Wang has over 38 years of academic experience in economics and human resources management. Mr. Wang is (i) an independent director of Zhong Qing Bao, also known as 深圳中青寶互動網絡股份有限公司 (Shenzhen ZQGame Co. Ltd.), (Stock Code: 300052), a company listed on the Shenzhen Stock Exchange; and (ii) a non-executive director of Zhejiang Red Dragonfly Footwear Co. Ltd. (stock code: 603116), a company listed on the Shanghai Stock Exchange. Mr. Wang is also (i) an independent non-executive director of TCL Electronics Holdings Limited (formerly known as TCL Multimedia Technology Holdings Limited) (stock code: 1070), a listed company in Hong Kong; and (ii) an independent non-executive director of China VAST Industrial Urban Development Company Limited (stock code: 6166), a listed company in Hong Kong. During July 2007 to November 2013, Mr. Wang was also an independent director of Beijing SPC Environment Protection Tech Co., Ltd. (北京清新環境技術股份有限公司) (formerly known as Beijing SPC Environment Protection Tech Co., Ltd. (北京國電清新環保技術股份有限公司)), (stock code: 002573), a company listed on the Shenzhen Stock Exchange in April 2011. During November 2012 to June 2017, Mr. Wang was also an independent director of Hua Tu Education, also known as Beijing Huatu Hongyang Education & Culture Corp., Ltd. (北京華圖宏陽教育文化發展股份有限公司), (stock code: 830858), a company listed on the National Equities Exchange and Quotations System ("NEEQ") in the People's Republic of China (NEEQ is also commonly known as The New Third Board (新三板). During July 2010 to July 2017, he was also a director of Xuzhou Construction Machinery Corporation, also known as XCMG Construction Machinery Co., Ltd. (徐工集團工程機械股份有限公司), (stock code: 000425), a company listed on the Shenzhen Stock Exchange.

SENIOR MANAGEMENT

Mr. Lu Tong, aged 52, is the vice president of the Company. He holds a master degree. He is also a director of Zhuhai Jiuzhou Property Development Limited* (珠海九洲置業開發有限公司), the chairman and general manager of Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司), a director of Jiuzhou Tourism Property Company Limited, Jiuzhou Tourist Development Company Limited, Jiuzhou Transportation Investment Company Limited, Zhuhai Highspeed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司), Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) and Zhuhai Jiuzhou Public Utilities Co., Ltd.* (珠海九洲公用有限公司), and the chairman of the board of directors of Lamdeal Consolidated Development Limited and Zhuhai International Circuit Consolidated Development (HK) Limited. Mr. Lu is also an employee supervisor of Zhuhai Jiuzhou Holdings Group Co., Ltd* (珠海九洲控股集團有限公司). Mr. Lu has been serving as a director of Zhuhai Jiuzhou Investment Holdings Co., Ltd.* (珠海九洲投資控股有限公司) since March 2020. Mr. Lu had worked in many enterprises under the Zhu Kuan Group and was involved in various fields including company legal affairs, administrative affairs, project finance, investment management, financial management and project development etc. He joined the Company in May 1998 and worked as a deputy department manager, department manager and assistant president. Mr. Lu received his Bachelor of Laws degree from Shenzhen University and is a qualified lawyer in the People's Republic of China. He was also a postgraduate in Finance in the University of International Business and Economics and received his Master of Business Administration degree from the Royal Roads University subsequently. He has over 30 years of experience in company law, finance investment, project finance, financial management and corporate management.

Mr. Tang Jin, aged 47, is the vice president of the Company. He holds a master degree. He is also a deputy chairman and president of labour union of Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司), a director of Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd.* (珠海九洲港客運服務有限公司), chairman of the board of directors of Lakewood Golf & Country Club (HK) Limited and Lamdeal Golf & Country Club Limited, and a supervisor of Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司) and Zhuhai Jiuzhou Public Utilities Co., Ltd.* (珠海九洲公用有限公司). Mr. Tang had worked in many enterprises under the Zhu Kuan Group in the capacities of assistant department manager, deputy department manager, department manager and assistant president, and was involved in the fields of international trading, finance investment, administrative management, asset management and human resources management. He joined the Company in May 1998. Mr. Tang obtained his Master of Business Administration degree from the Royal Roads University. He has nearly 25 years of experience in administrative management, financial investment, project management, asset management and human resources management.

Mr. Li Xiang, aged 52, is the vice president of the Company. He holds an undergraduate degree. He is also a director of Jiuzhou Tourist Development Company Limited, Jiuzhou Transportation Investment Co., Ltd.* (九州交通投資有限公司), Jiuzhou Tourism Property Company Limited, Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd.* (深圳市九控融資租賃有限公司) and Zhuhai Jiuzhou Corporation Management Co., Ltd.* (珠海九洲企業管理有限公司) and the appointed representative of executive affairs partner of Zhuhai Jiuzhou Longxiang Equity Investment Funds Company (Limited Partnership)* (珠海九洲龍驤股權投資基金企業(有限合夥)). Mr. Li has been serving as a general manager of the capital operations centre (資本運作中心) of Zhuhai Jiuzhou Holdings Group Co., Ltd.* (珠海九洲控股集團有限公司), a director of Zhuhai Jiuzhou Culture and Tourism Investment Holdings Co., Ltd.* (珠海九洲文旅投資控股有限公司), a director of Zhuhai Jiuzhuhai Jiuzhou Commercial Investment Holdings Co., Ltd.* (珠海九洲商貿投資控股有限公司), a director of Sunsea AIoT Technology Co., Ltd. and a director, chairman of the board of directors and legal representative of Zhuhai Jiuzhou Ping'an Industrial Investment Fund Management Company Limited* (珠海九洲平安產業投資基金管理有限公司). Mr. Li worked at Guangdong Kingman Group Co., Ltd.* (廣東金曼集團股份有限公司), Zhuhai Zhongfu Enterprise Co., Ltd.* (珠海中富實業股份有限公司), the Company and Zhuhai International Golf Amusement Co., Ltd.* (珠海國際高爾夫遊樂有限公司) and served as a board secretariat, deputy general manager and managing director. He joined the Company in May 2017 and served as vice president. Mr. Li received a bachelor degree from Peking University. He is qualified as an independent director and a securities analyst. He has over 28 years of experience in capital markets, mergers and acquisitions, project investment and business management.

Ms. Shi Yi, aged 52, is the vice president of the Company. She holds an undergraduate degree. Currently, she is also a director of Jiuzhou Transportation Investment Company Limited* (九州交通投資有限公司) and Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司), and a supervisor of Zhuhai Holiday Resort Hotel Company Limited* (珠海度假村酒店有限公司), Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) and Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd.* (深圳市九控融資租賃有限公司). Ms. Shi is also an employee supervisor of Zhuhai Jiuzhou Holdings Group Co., Ltd* (珠海九洲控股集團有限公司), a supervisor of Zhuhai Haojiang Travel Agency Co., Ltd.* (珠海市濠江旅行社有限公司), and chairman of the supervisory committee of Zhuhai City Gas Engineering Technology Development Co., Ltd.* (珠海市燃氣工程技術開發有限公司). Ms. Shi has served as supervisor of Zhuhai Jiuzhou Holdings Investment Co., Ltd. and a supervisor of Zhuhai Jiuzhou Construction Investment Holdings Co., Ltd.* (珠海九洲建設投資控股有限公司) since March 2020. Ms. Shi worked at Guangzhou Institute of Railway Technology, Guangzhou Jincheng Real Estate Co., Ltd.* (廣州金城房地產股份有限公司), Guangzhou Jincheng Computer Co., Ltd.* (廣州金城計算機有限公司) and Zhuhai Jiuzhou Holdings Group Co., Ltd., where she successively served as manager of sales department, manager of finance department, and general manager of audit and law department, respectively. She joined the Company in 2012 and took up the position of general manager of the audit and supervision department. Ms. Shi obtained a bachelor's degree in accounting from East China Jiaotong University and owns the intermediate accountant certificate. She has accumulated over 21 years of working experience in risk management, financial management and corporate governance of enterprises.

Mr. Gui Ke, aged 48, is an assistant president of the Company. He holds an undergraduate degree and is a director of Zhuhai High-speed Passenger Ferry Co., Ltd.* (珠海高速客輪有限公司), Zhuhai Holiday Resort Hotel Company Limited* (珠海度假村酒店有限公司), Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司), Zhuhai Jiuzhou Holdings Sports Management Co., Ltd.* (珠海市九控體育管理有限公司), Zhuhai Jiuzhou Public Utilities Co., Ltd.* (珠海九洲公用有限公司) and Shenzhen Jiuzhou Holdings Finance Lease Co., Ltd.* (深圳市九控融資租賃有限公司), and a supervisor of Zhuhai Jiuzhou Holdings Property Development Co., Ltd.* (珠海九控房地產有限公司) (formerly known as Zhuhai International Circuit Consolidated Development Co., Ltd.* (珠海國際賽車場綜合發展有限公司)), which are all subsidiaries of the Company. Mr. Gui is also a deputy general manager of Zhuhai Sanjiao Island Development Company Limited* (珠海市三角島開發有限公司), a director of Zhuhai Special Economic Zone Yuxin Energy Company Limited* (珠海經濟特區裕信能源有限公司), Zhuhai Jiuzhou Travel Transport Co., Ltd.* (珠海市九洲旅遊運輸有限公司), Guangdong Haiwei Express Passenger Transport Co., Ltd.* (廣東海威直通車客運有限公司) and Zhuhai Jiuzhou City Central Park Development Co., Ltd. (珠海九洲城市中央公園發展有限公司) and the chairman and legal representative of Zhuhai Jiuzhou Holdings Rural Tourism Development Co., Ltd.* (珠海九控鄉村旅遊發展有限公司). Mr. Gui has served as deputy general manager of Zhuhai Jiukong Rural Tourism Development Co., Ltd.* (珠海九控鄉村旅遊發展有限公司), Zhuhai Jiuzhou Green Ecotourism Development Co., Ltd.* (珠海九洲綠色生態旅遊發展有限公司) and Zhuhai Jiuzhou Culture and Tourism Investment Holdings Co., Ltd.* (珠海九洲文旅投資控股有限公司), a director, chairman and legal representative of Zhuhai Jiuzhou Property Management Co., Ltd.* (珠海九洲物業管理有限公司). Mr. Gui worked at Zhuhai Hotel* (珠海賓館), Zhuhai New Yuanming Palace* (珠海圓明新園), Zhuhai Holiday Haitian International Travel Agency* (珠海海天旅行社), Zhuhai Holiday Resort Hotel International Travel Agency* (珠海國際度假旅行社), Zhuhai and Macao Tourism Distribution Center* (珠澳旅遊集散中心) and ZJ Holdings, and served as supervisor of housekeeping department, manager of marketing, assistant general manager of Zhuhai Holiday Resort Hotel International Travel Agency* (珠海國際度假旅行社), deputy general manager of Zhuhai and Macao Tourism Distribution Center* (珠澳旅遊集散中心) and deputy general manager of development and management department of ZJ Holdings. He joined the Company in 2015 and served as general manager of corporate management department. Mr. Gui received a bachelor of business administration degree from Renmin University of China* (中國人民大學). He has over 25 years of experience in business operations, management, marketing, travel management, project planning and investment development.

Mr. Chan Chit Ming, **Joeie,** aged 48, holds a master's degree and was appointed as Financial Controller and Company Secretary of the Company on 1 March 2021. Mr. Chan had worked as the finance manager, internal audit manager, company secretary and financial controller of various companies listed on the Stock Exchange. Mr. Chan previously worked at the Group during the period from February 2012 until June 2018 with his then role as the Financial Controller, Company Secretary, Authorised Representative and Authorised Representative for Service. Mr. Chan re-joined the Group in September 2020. He graduated from the University of Humberside (now known as the University of Lincoln) with a Bachelor degree of Arts (Accountancy and Finance) and received a Master of Business Administration degree from the University of Hull in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, as well as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 25 years of solid finance, accounting and auditing experience in various industries and extensive experience and knowledge in the company secretarial and corporate governance fields.

Mr. Kwok Tung Fai, aged 48, holds a master's degree and resigned as the Financial Controller and the company secretary of the Company on 1 March 2021. Mr. Kwok joined the Company as financial controller on 24 July 2018 and is primarily responsible for all accounting and finance operations of the Company, and was appointed as its company secretary on 31 December 2018. Mr. Kwok is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Chartered Association of Certified Accountants. He obtained a Master of Finance degree from Hong Kong University of Science and Technology in 2010 and a bachelor degree in Business Administration from The Chinese University of Hong Kong in 1997. Before joining the Company, Mr. Kwok has over 21 years of experience working in various corporations, including multinational accounting firm, multinational financial institution, listed firms in Hong Kong and listed firms in Singapore. He has previously held positions of Chief Financial Officer/Financial Controller and Company Secretary in listed firms in Hong Kong and listed firms in Singapore for over 7 years, and accumulated many years of experience in acquiring listed companies in Hong Kong and Singapore, IPO, spin-off listing business, stock market financing, bank financing and corporate secretarial field.

Save as disclosed above, the directors or senior management of the Company do not have any relationships with any other director or senior management.

REPORT OF THE DIRECTORS

The directors of the Company present their report and the audited consolidated financial statements of the Company and of the Group for FY2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the PRC excluding Hong Kong and Macao, the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part, the provision of financial information services and internet financial information intermediary services, the management of a holiday resort, a theme park and an amusement park, property development, the operation of a golf club and trading and distribution of fuel oil. The principal activities of the principal subsidiaries are set out in note 19 to the consolidated financial statements.

BUSINESS REVIEW

Business review of the Group for FY2020 can be found in the section headed "Management Discussion and Analysis" of this annual report, of which the discussion forms part of this "Report of the Directors".

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed progress to raise energy efficiency and minimise both energy consumption and pollutant discharge. The Group uses petrol, diesel fuel, water and electricity as the main sources of energy during operation. The Group strives to reduce emissions through technological adaptation and plant and equipment upgrade.

The Group adheres to the principle of recycling and waste reduction. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

The Group regards production safely as its primary social responsibility. The Company is committed to becoming a safe production enterprise strictly according to its principles of "safe development" and "people orientation". Since its inception, the Company's businesses have a good history of safety. During FY2020, there was no general and more severe liability accidents occurred for our businesses.

For details, please refer to the section headed "Environmental, Social and Governance (ESG) Report 2020" on pages 36 to 45 of this annual report.

During FY2020, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Being people-oriented, the Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

RESULTS AND DIVIDENDS

The Group's profit for FY2020 and the state of affairs of the Company and of the Group on that date are set out in the consolidated financial statements on pages 145 to 262.

The Board does not recommend the payment of a final dividend in respect of FY2020 to the Shareholders.

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 is set out on page 264 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during FY2020 are set out in note 14(a) to the consolidated financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of the Group's properties under development are set out in note 16 to the consolidated financial statements and on page 263 of this annual report.

COMPLETED PROPERTIES HELD-FOR-SALE

Details of the Group's completed properties held-for-sale are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during FY2020 are set out in note 36 to the consolidated financial statements.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the annual general meeting of the Company held on 28 May 2012, a share option scheme ("Share Option Scheme") was adopted. The principal terms of the Share Option Scheme are set out in the circular of the Company dated 26 April 2012.

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity").

The participants of the Share Option Scheme include: (a) any eligible employee; (b) any non-executive director of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The total number of shares which may be issued upon exercise of all share options must not in aggregate exceed 10% of the nominal amount of the issued share capital of the Company as at 28 May 2012 (i.e. 111,860,000 shares).

The maximum number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant of the Share Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of share options to a participant of the Share Option Scheme in excess of the Individual Limit (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant must be subject to shareholders' approval in general meeting of the Company with such participant and his or her associates abstaining from voting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon the payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company and shall not be more than 10 years from the date of offer of the share options, subject to the provisions for early termination as set out in the scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors of the Company.

The exercise price shall be determined by the Board in its absolute discretion at the time the grant of the options is made and shall not be lower than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the grant date, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of the shares.

The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. The remaining life of the Share Option Scheme is approximately one year as at the date of this annual report.

On 13 July 2015, the Company granted an aggregate of 79,600,000 share options at an exercise price of HK$2.01 per share to eligible grantees, including certain directors, senior management and connected persons of the Company ("Grantees") primarily to provide incentives or rewards to the Grantees. Such grant of share options enabled the Grantees to subscribe for an aggregate of 79,600,000 new ordinary shares of HK$0.1 each in the share capital of the Company. The fair value of options granted in 2015 was determined using the binomial option pricing model which amounted to approximately HK$3.8 million and was charged to profit or loss account of the Group during 2015, please refer to the Company's 2015 annual report for information.

On 29 June 2016, the Board passed a resolution that pursuant to the rules of the Share Option Scheme, and subject to and conditional upon the consent to and acceptance of the cancellation of all or such specified number of an aggregate of 79,600,000 share options ("Outstanding Share Options") by the relevant Grantees or persons ("Entitled Persons") who were entitled to exercise the relevant Outstanding Share Option on behalf of the relevant Grantees in accordance with the rules of the Share Option Scheme, all the Outstanding Share Options would be cancelled with effect from 21 July 2016 without consideration. On 21 July 2016, according to the consent to and acceptance of the letters proposing the cancellation of all Outstanding Share Options by the relevant Grantees and the Entitled Persons, all Outstanding Share Options enabling the Grantees to subscribe for an aggregate of 79,600,000 new ordinary shares in the share capital of the Company were cancelled without consideration.

Save as disclosed above, no share option was granted, exercised, cancelled or had lapsed under the Share Option Scheme during FY2020. Moreover, the Company had no share options outstanding as at 31 December 2020.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders of the Company by reason of their holding of Company's shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2020.

RESERVES

Details of movements in the reserves of the Company and of the Group during FY2020 are set out in note 37 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's accumulated losses amounting to RMB64,106,000. In addition, the Company's contributed surplus, amounting to RMB672,431,000 as at 31 December 2020, is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the net realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital and share premium account. The Company's share premium account with a balance of RMB851,806,000 as at 31 December 2020 is distributable in the form of fully-paid bonus shares.

CHARITABLE CONTRIBUTIONS

During FY2020, the Group made charitable contributions totalling RMB2,727,000.

MAJOR CUSTOMERS AND SUPPLIERS

For FY2020, the Group's revenue attributable to the Group's five largest customers was less than 43%. For FY2020, purchases from the Group's largest and the five largest suppliers accounted for approximately 15% and 37% of total purchases of the Group, respectively.

None of the directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during FY2020.

PERMITTED INDEMNITY PROVISION

According to the bye-laws of the Company, subject to the provisions of and so far as may be permitted by the statutes, the directors, managing directors, alternate director, auditors, secretary or other officers for the time being of the Company shall be entitled to be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which may be sustained or incur in or about the execution of the duties of their respective offices or otherwise in relation thereto.

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

EQUITY-LINKED AGREEMENTS

During FY2020, the Company has not entered into any equity-linked agreement, except for those disclosed under the heading "Share option scheme" as stated aforesaid.

DIRECTORS

The directors of the Company during FY2020 and up to the date of publication of this report were:

Executive Directors:

Mr. Zeng Jianping (appointed as the *Chairman* on 29 June 2020)
Mr. Huang Xin (retired on 29 June 2020)
Mr. Jin Tao *(Chief Executive Officer)*
Mr. Ye Yuhong
Mr. Li Wenjun

Non-Executive Directors:

Datuk Wira Lim Hock Guan (resigned on 29 May 2020)
Mr. Kwok Hoi Hing (resigned on 29 May 2020)
Mr. Zou Chaoyong

Independent Non-Executive Directors:

Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho
Mr. Wang Yijiang

Alternate Directors:

Mr. Lim Seng Lee (ceased to act as alternate to Datuk Wira Lim Hock Guan on 29 May 2020)
Mr. Zhu Minming (ceased to act as alternate to Mr. Kwok Hoi Hing on 29 May 2020)

The directors of the Company, including the executive directors, non-executive directors and independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Company's bye-laws.

In accordance with bye-law 111(A) of the Company's bye-laws, Mr. Li Wenjun, Mr. Jin Tao and Mr. Zou Chaoyong, directors of the Company, shall retire at the forthcoming annual general meeting. All of the above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting pursuant to bye-laws 111(A) of the Company's bye-laws.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent.

CHANGE IN DIRECTORS' INFORMATION

There is no change in Director's biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of 2020 interim report of the Company.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

Other than the Directors' service contract and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year or at any time during FY2020.

DIRECTORS' REMUNERATION

The directors' fees are subject to the shareholders' approval at the general meetings. Other emoluments are determined by the Company's board of directors with reference to the directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected and Continuing Connected Transactions" in this report and in note 43 to the consolidated financial statements, no transaction, arrangement or contract of significance to the business of the Group to which the Company, its subsidiaries, its substantial shareholder or any subsidiaries of its substantial shareholder was a party and in which a director or an entity connected with a director has or had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during FY2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, as of the date of this report, the directors believe that none of the directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Although the above mentioned directors have competing interests in other companies by virtue of their respective common directorship, they will fulfil their fiduciary duties in order to ensure that they will act in the best interest of the Company's shareholders and the Company as a whole at all times.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, none of the directors or chief executive of the Company had any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) that were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during FY2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, the following persons/parties (other than the directors and chief executive of the Company, whose interests have been disclosed in the above section headed as "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations") had interests of 5% or more in the shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO and as to knowledge of the Company:

Long positions in ordinary shares of the Company:

Name of substantial shareholders	**Number of ordinary shares**	**Nature of interest**	**Approximate percentage of the Company's issued ordinary share capital** *(Note 1)*
Zhuhai Jiuzhou Holdings Group Co., Ltd. ("ZJ Holdings") *(Note 2)*	878,155,109	Beneficial owner and interest of controlled corporation	61.50%
Longway Services Group Limited ("Longway") *(Note 2)*	642,955,109	Beneficial owner	45.03%

Note 1: The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2020 (i.e. 1,427,797,174 shares).

Note 2: Out of the 878,155,109 shares of the Company held by ZJ Holdings, 642,955,109 shares are owned by Longway, a wholly-owned subsidiary of ZJ Holdings. The remaining 235,200,000 shares are owned by ZJ Holdings.

Save as disclosed above, as at 31 December 2020, the Company had not been notified by any persons (other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above), who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 28 July 2015, pursuant to the 2015 Facility Agreement, the Company has covenanted and undertaken to the 2015 Lenders (among other terms and conditions) that:

(i) at least 30% of its entire issued share capital remain to be beneficially owned (directly or indirectly) by ZJ Holdings, the controlling shareholder of the Company;

(ii) ZJ Holdings remains as the single largest beneficial shareholder of the Company; and

(iii) ZJ Holdings have management control over the Company.

The above obligations lapsed upon such repayment of the 2015 Facility during the year ended 31 December 2017.

On 15 August 2017, the Company, as borrower, entered into the 2017 Facility Agreement of up to HK$2 billion for a term of four years with Wing Lung and the 2017 Lenders in relation to the 2017 Facility. Pursuant to the 2017 Facility Agreement, the Company has covenanted and undertaken to the 2017 Lenders (among other terms and conditions) that:

(i) at least 30% of its entire issued share capital remain to be beneficially owned (directly or indirectly) by ZJ Holdings;

(ii) ZJ Holdings remains as the single largest beneficial shareholder of the Company; and

(iii) ZJ Holdings have management control over the Company.

If any of such events of default occurs and continues, the loan, amounts payable under the 2017 Facility Agreement together with any accrued interest may immediately become due and payable on demand. For details of the 2017 Facility Agreement, please refer to the Company's announcement dated 15 August 2017.

On 28 March 2018, the Company, as borrower, entered into a term loan facility agreement ("March 2018 Facility Agreement") with a bank, pursuant to which the bank has agreed to grant to the Company a term loan facility of up to HK$200 million having the final maturity date falling 36 months from the date of the March 2018 Facility Agreement. Under the March 2018 Facility Agreement, the Company has covenanted and undertaken to the bank, among others, that:

(i) at least 30% of the entire issued share capital of the Company will remain to be beneficially owned (directly or indirectly) by ZJ Holdings;

(ii) ZJ Holdings shall remain as the single largest beneficial shareholder of the Company; and

(iii) ZJ Holdings shall have management control over the Company.

For details of the March 2018 Facility Agreement, please refer to the Company's announcement dated 28 March 2018.

On 28 February 2019, the Company, as borrower, entered into the February 2019 Facility Agreement with a bank, pursuant to which the bank has agreed to grant to the Company a revolving loan facility of up to HK$250 million having the final maturity date falling 3 years from the date of the February 2019 Facility Agreement. Under the February 2019 Facility Agreement, the Company has covenanted and undertaken to the bank, among others, that:

(i) at least 30% of the entire issued share capital of the Company will remain to be beneficially owned (directly or indirectly) by ZJ Holdings;

(ii) ZJ Holdings shall remain as the single largest beneficial shareholder of the Company; and

(iii) ZJ Holdings shall have management control over the Company.

For details of the February 2019 Facility Agreement, please refer to the Company's announcement dated 28 February 2019.

On 30 December 2019, the Company, as borrower, entered into the December 2019 Facility Letter with a bank, pursuant to which the bank has agreed to grant to the Company an uncommitted revolving loan facility of up to HK$200 million having the final maturity date falling 3 years from the date of the bank's receipt of the Company's acceptance of the December 2019 Facility Letter. Under the December 2019 Facility Letter, the Company has covenanted and undertaken to the bank, among others, that:

(i) the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government shall maintain 100% beneficial ownership of the share capital of ZJ Holdings;

(ii) ZJ Holdings shall maintain not less than 30% beneficial ownership of the share capital of the Company; and

(iii) ZJ Holdings shall remain directly or indirectly the single largest beneficial shareholder and management control of the Company throughout the life of the facility.

For details of the December 2019 Facility Letter, please refer to the Company's announcement dated 30 December 2019.

On 20 January 2020, the Company, as borrower, entered into the January 2020 Facility Letter with a bank, pursuant to which the bank has agreed to grant to the Company a committed term loan facility of up to HK$200 million having the term of 36 months commencing from each drawdown during the availability period which is 6 months beginning from the date of the Company's acceptance of the January 2020 Facility Letter. Under the January 2020 Facility Letter, the Company has covenanted and undertaken to the bank, among others, that:

(i) the Zhuhai Municipal People's Government State-owned Assets Supervision and Administration Commission maintains the sole beneficial shareholder of ZJ Holdings; and

(ii) ZJ Holdings maintains the single largest beneficial shareholder, directly or indirectly, at least 30% of the entire issued share capital of the Company, and has the management control over the Company.

For details of the January 2020 Facility Letter, please refer to the Company's announcement dated 20 January 2020.

On 23 July 2020, the Company, as borrower, entered into the July 2020 Facility Letter with a bank, pursuant to which the bank has agreed to grant to the Company a term loan facility of up to HK$300 million having the maturity date falling 3 years from the date of the Company's acceptance of the July 2020 Facility Letter.

Under the July 2020 Facility Letter, the Company has covenanted and undertaken to the bank, among others, that throughout the term of the facility, the Company shall procure that:

(i) The Zhuhai Municipal People's Government State-owned Assets Supervision and Administration Commission beneficially owns the entire ownership interest of ZJ Holdings; and

(ii) ZJ Holdings beneficially owns, directly or indirectly, at least 30% of the entire issued share capital of the Company and to be the single largest beneficial shareholder of, or to have management control over the Company.

For details of the July 2020 Facility Letter, please refer to the Company's announcement dated 23 July 2020.

On 12 March 2021, the Company, as borrower, entered into the 12 March 2021 Facility Agreement with a bank, pursuant to which the bank has agreed to grant to the Company a loan facility of up to HK$300 million having the maturity date falling 12 months from the date of the drawdown under the 12 March 2021 Facility Agreement. Further, ZJ Holdings, the controlling shareholder of the Company, entered into a legally binding comfort letter in favour of the Bank ("Comfort Letter") on the same date pursuant to which ZJ Holdings has undertaken to the Bank that before the 12 March 2021 Facility is fully repaid by the Company:

(i) ZJ Holdings shall maintain as the controlling shareholder of the Company and is obliged to obtain prior written approval from the Bank for the transfer of any shares in the Company;

(ii) ZJ Holdings shall continue to support the operation and maintain the financial condition of the Company for the timely repayment of any outstanding sum under the 12 March 2021 Facility, and ZJ Holdings shall provide such liquidity support to the Company including, but not limited to, capital injection and the provision of shareholder's loan etc. so as to satisfy the Company's repayment obligation under the 12 March 2021 Facility; and

(iii) ZJ Holdings shall refrain from taking any action which could impact the Company's operation and its ability to repay any outstanding sum under the 12 March 2021 Facility, and undertakes to promptly inform the Bank of any such circumstances which could impact the continuing operation of the Company's business.

For details of 12 March 2021 Facility Agreement, please refer to the Company's announcement dated 12 March 2021.

On 26 March 2021, the Company, as borrower, entered into the 26 March 2021 Facility Letter with a bank, pursuant to which the bank has agreed to grant to the Company a term loan facility of up to HK$500 million having the maturity date falling 2 years from the date of each drawdown by the Company under the 26 March 2021 Facility Letter.

Under the 26 March 2021 Facility Letter, the Company has covenanted and undertaken to the Bank, among others, that throughout the term of the 26 March 2021 Facility:

(1) 珠海市人民政府國有資產監督管理委員會 (Zhuhai Municipal People's Government State-owned Assets Supervision and Administration Commission*) shall directly or indirectly remain as the single largest shareholder of the Company or maintain control over the management of the Company; and

(2) Subsequent to the withdrawal of listing of the Company's shares on the Stock Exchange pursuant to the proposal for the privatisation of the Company by way of scheme of arrangement as announced by the Company on 22 January 2021, ZJ Holdings shall issue a letter of comfort in the form satisfactory to the bank for the purpose of providing assurance for the due repayment of the 26 March 2021 Facility.

For details of 26 March 2021 Facility Letter, please refer to the Company's announcement dated 26 March 2021.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

In addition to the related party transactions disclosed in note 43 to the consolidated financial statements, details of connected transactions or continuing connected transactions ("CCTs") of the Group as defined under the Listing Rules, details of which are required to be disclosed in accordance with the requirements of Chapter 14A of the Listing Rules, are summarised below:

A. Connected Transactions

(1) Ferry Leasing Agreements

During FY2019, Ferry Company entered into the following ferry leasing agreements to lease ferries from Zhuhai Jiuzhou Blue Sea Jet Investment Holdings Co., Ltd.* (珠海九洲藍色幹線投資控股有限公司, formerly known as Zhuhai Jiuzhou Shipping Co., Ltd.* (珠海九洲船務有限公司)) ("Jiuzhou Blue Sea Jet Investment"):

	Agreement	Date	Lessor	Lessee
1.	Ferry leasing agreement (the "February 2019 Ferry Leasing Agreement")	27 February 2019	Jiuzhou Blue Sea Jet Investment	Ferry Company
2.	Ferry leasing agreement (the "April 2019 Ferry Company Ferry Leasing Agreement")	12 April 2019	Jiuzhou Blue Sea Jet Investment	Ferry Company

During FY2020, the February 2019 Ferry Leasing Agreement expired on 31 May 2020. On 28 May 2020, Ferry Company entered into the following agreement with Jiuzhou Blue Sea Jet Investment for the extension of the term of the February 2019 Ferry Leasing Agreement for a period of seven months commencing on 1 June 2020 and ending on 31 December 2020 (both days inclusive):

	Agreement	Date	Lessor	Lessee
3.	Ferry leasing agreement (the "May 2020 Supplemental Agreement (Xunxian 6)")	28 May 2020	Jiuzhou Blue Sea Jet Investment	Ferry Company

On 28 May 2020, Ferry Company also entered into the following agreement with Jiuzhou Blue Sea Jet Investment to lease ferries from Jiuzhou Blue Sea Jet Investment for a period of one year commencing on 1 June 2020 and ending on 31 May 2021 (both days inclusive):

	Agreement	Date	Lessor	Lessee
4.	Ferry leasing agreement (the "May 2020 Ferry Leasing Agreement (Jiuzhou Port-Shekou Line)")	28 May 2020	Jiuzhou Blue Sea Jet Investment	Ferry Company

Pursuant to the ferry leasing agreements above, Ferry Company shall during the respective terms use the subject ferries for operation of designated ferry operations:

	Agreement	Term	Subject Ferries	Designed Ferry Operations
1.	February 2019 Ferry Leasing Agreement	27 February 2019 to 31 May 2020 (both days inclusive)	「尋仙6」輪 (the "Xunxian 6" Ferry*)	Land-to-island and inter-islands passengers sea travel and sea transportation for tourists (including both day and evening services) along the waters of Pearl River Estuary and Wanshan Islands to be carried out by Ferry Company
2.	April 2019 Ferry Company Ferry Leasing Agreement	12 April 2019 to 31 October 2020 (both days inclusive)	「尋仙5」輪 (the "Xunxian 5" Ferry)	Land-to-island and inter-islands passengers sea travel and sea transportation for tourists (including both day and evening services) along the waters of Pearl River Estuary and Wanshan Islands to be carried out by Ferry Company
3.	May 2020 Supplemental Agreement (Xunxian 6)	1 June 2020 to 31 December 2020 (both days inclusive)	"Xunxian 6" Ferry	Land-to-island and inter-islands passengers sea travel and sea transportation for tourists (including both day and evening services) along the waters of Pearl River Estuary and Wanshan Islands to be carried out by Ferry Company

	Agreement	Term	Subject Ferries	Designed Ferry Operations
4.	May 2020 Ferry Leasing Agreement (Jiuzhou Port-Shekou Line)	1 June 2020 to 31 May 2021 (both days inclusive)	「新海濱」輪 ("Xinhaibin" Ferry),「新海亮」輪 ("Xinhailiang" Ferry),「新海天」輪 ("Xinhaitian" Ferry),「新海珠」輪 ("Xinhaizhu" Ferry),「新海洋」輪 ("Xinhaiyang" Ferry) and other ferries at Jiuzhou Blue Sea Jet Investment's deployment which may be used for the operation of the Jiuzhou Port-Shekou Line	Operation of the ferry line between 九洲港 (Jiuzhou Port*) on the one part and 蛇口 (Shekou) on the other part (the "Jiuzhou Port-Shekou Line")

Ferry Company is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. As Jiuzhou Blue Sea Jet Investment is wholly-owned by ZJ Holdings, the controlling shareholder of the Company, Jiuzhou Blue Sea Jet Investment is an associate of ZJ Holdings, hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions as contemplated under the ferry leasing agreements above thus constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As a result of the adoption by the Group of HKFRS 16 "Leases" from 1 January 2019, under the Listing Rules, the leases of the subject ferries under the ferry leasing agreements above are regarded as an acquisition of asset (i.e. an acquisition of capital assets). Since the leases of the subject ferries under the ferry leasing agreements are each subject to a fixed term, the transactions contemplated thereunder are treated as one-off connected transactions of the Group.

The rental charges payable by Ferry Company to Jiuzhou Blue Sea Jet Investment under the ferry leasing agreements were:

	Agreement	Rental Charges Payable during FY2020 (RMB)	Rental Charges Payable during FY2019 (RMB)
1.	February 2019 Ferry Leasing Agreement	3,025,000	6,093,214
2.	April 2019 Ferry Company Ferry Leasing Agreement	4,700,000	4,057,667
3.	May 2020 Supplemental Agreement (Xunxian 6)	4,235,000	N/A
4.	May 2020 Ferry Leasing Agreement (Jiuzhou Port-Shekou Line)	2,199,600	N/A

Details of the above ferry leasing agreements are set out in the Company's announcements dated 27 February 2019, 12 April 2019 and 28 May 2020.

(2) Business Co-operation Agreement

For the promotion of the Cuihu Xiangshan Project, a property development project of ZJ Property Development Company, a non wholly-owned subsidiary of the Company, ZJ Property Development Company proposed that selected property buyers, as designated by ZJ Property Development Company, under the said project would receive a gift of 10-year weekday membership of Lakewood Club operated by ZJ Sports, a non wholly-owned subsidiary of the Company.

On 18 September 2020, ZJ Sports entered into a business co-operation agreement ("Business Co-operation Agreement") with ZJ Property Development Company, pursuant to which ZJ Property Development Company agreed to make a one-time purchase of 50 sets of 10-year weekday membership of Lakewood Club for the price of RMB5,000,000 ("Membership Consideration") from ZJ Sports for the promotion of the Cuihu Xiangshan Project.

ZJ Property Development Company is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. ZJ Sports is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. Since ZJ Holdings is the controlling shareholder and has 10% or more of the equity interest in each of ZJ Property Development Company and ZJ Sports, each of ZJ Property Development Company and ZJ Sports is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Therefore, the sale and purchase contemplated under the Business Co-operation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Membership Consideration payable under the Business Co-operation Agreement is greater than 0.1% but less than 5%, the entering into of the Business Co-operation Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details of the Business Co-operation Agreement, please refer to the Company's announcement dated 18 September 2020.

(3) Dredging Services Agreement

On 17 November 2020, Zhuhai Jiuzhou Navigation Culture Co., Ltd.*（珠海市九洲航海文化有限公司）("ZJ Navi"), a wholly-owned subsidiary of ZJ Holdings, and Zhuhai Jiuzhou Passenger Port and Development Co., Ltd.*（珠海九洲港客運發展有限公司）("Jiuzhou Passenger Development Company"), a wholly-owned subsidiary of ZJ Holdings, entered into a dredging services agreement ("Dredging Services Agreement") with Jinzhou Port Company, a non wholly-owned subsidiary of the Company, Ferry Company, a non wholly-owned subsidiary of the Company, and Zhuhai City Zhuhai-Macau Marine Tourism Co., Ltd.*（珠海市環珠澳海上觀光有限公司）("Marine Tourism Company"), a non wholly-owned subsidiary of the Company, pursuant to which (i) ZJ Navi agreed to conduct dredging maintenance works on the Jiuzhou Fairway; and (ii) Jiuzhou Passenger Development Company agreed to instruct third parties to conduct hydrographic survey before and after the dredging maintenance works for a tentative total consideration of RMB9,500,000 (dredging expenses: RMB8,855,700; and survey expenses: RMB644,300).

Dredging services are required in order to facilitate smoother operations of ferry and cruise lines operated by Jiuzhou Passenger Development Company, Jiuzhou Port Company, Ferry Company and Marine Tourism Company along the Jiuzhou Fairway and reduce the chances of hidden safety dangers.

Pursuant to the Dredging Services Agreement, ZJ Navi is to conduct dredging maintenance works on the Jiuzhou Fairway, the expenses of which (the "Dredging Expenses") are to be borne by Jiuzhou Passenger Development Company, Jiuzhou Port Company, Ferry Company and Marine Tourism Company according to the sharing ratio of their ticket proceeds from January 2019 to December 2019. The sharing ratio between Jiuzhou Passenger Development Company, Jiuzhou Port Company, Ferry Company and Marine Tourism Company shall be 4.99%:18.93%:74.69%:1.39%.

Pursuant to the Dredging Services Agreement, Jiuzhou Passenger Development Company is to instruct third parties to conduct hydrographic survey before and after the dredging maintenance works. Jiuzhou Passenger Development Company is to initially bear the expenses thereof (the "Survey Expenses"), with the Survey Expenses to be borne by Jiuzhou Passenger Development Company, Jiuzhou Port Company, Ferry Company and Marine Tourism Company according to the sharing ratio of their ticket proceeds from January 2019 to December 2019. The sharing ratio between Jiuzhou Passenger Development Company, Jiuzhou Port Company, Ferry Company and Marine Tourism Company shall be 4.99%:18.93%:74.69%:1.39%.

ZJ Navi is principally engaged in a variety of marine/water related business activities. It is principally engaged in, among other things, the organisation of group water-sports events and exhibitions, provision of advertising and marketing services, rental and maintenance of marine transportation machinery and equipment, training for operating yacht and sailboat, and shipping inspection agent. In particular, it also possesses knowledge and experience with respect to the Jiuzhou Fairway. ZJ Navi also has relevant experience in conducting dredging maintenance works, in addition to those pursuant to the Dredging Service Agreement.

As ZJ Holdings (the controlling shareholder of the Company) is interested in more than 30% of the equity interest in each of ZJ Navi and Jiuzhou Passenger Development Company, each of ZJ Navi and Jiuzhou Passenger Development Company is an associate of ZJ Holdings, and hence a connected person of the Company under Chapter 14A of the Listing Rules.

As ZJ Holdings (the controlling shareholder of the Company) has 10% or more of equity interest in Jiuzhou Port Company and Ferry Company, Jiuzhou Port Company and Ferry Company are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules. As Marine Tourism Company is a subsidiary of Ferry Company, which itself is a connected subsidiary of the Company, it is also a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules.

As the highest applicable percentage ratio in respect of the consideration payable under the Dredging Services Agreement is greater than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details of the Dredging Services Agreement, please refer to the Company's announcements dated 17 November 2020 and 27 November 2020.

(4) Compensation Agreement

Since 1994, pursuant to a lease agreement dated 1 March 1994 (which subsequently expired on 28 February 2014) and a supplemental lease agreement dated 1 March 2000 (collectively, the "Jiuzhou Port Building Leases") between ZJ Holdings (a controlling shareholder of the Company), as lessor, and Jiuzhou Port Company (a subsidiary of the Company), as lessee, Jiuzhou Port Company was granted by ZJ Holdings the rights to use the port facilities ("Jiuzhou Port Facilities") (as part of the passenger terminal ("Jiuzhou Port Passenger Terminal") at Jiuzhou Port, Zhuhai, the PRC, subject to the Jiuzhou Port Building Leases, which include certain buildings and structures erected at Jiuzhou Port) in Zhuhai, the PRC, for a period of 40 years until 27 March 2040, at a lump sum payment of approximately RMB33,000,000.

In addition, pursuant to a land use right agreement dated 28 March 2000 between ZJ Holdings, as lessor, and Jiuzhou Port Company, as lessee, Jiuzhou Port Company was granted by ZJ Holdings the rights to use a site having an area of approximately 9,335 sq.m. on which the Jiuzhou Port Facilities are erected for a period of 40 years until 27 March 2040, at an annual rent of approximately RMB520,000 (the "Jiuzhou Port Land Lease", together with Jiuzhou Port Building Leases, the "Jiuzhou Port Leases").

Details of the Jiuzhou Port Leases are disclosed in the Company's announcement dated 10 April 2000.

The Jiuzhou Port Passenger Terminal has been in operation for more than 30 years and has witnessed the changes of times brought by the development of Zhuhai Special Economic Zone. The two-storey passenger terminal is aged and is in need of redevelopment, particularly after the severe damage to the building structures caused by Typhoon Hato in 2018 and Super Typhoon Mangkhut in 2019.

ZJ Holdings is carrying out an urban renewal project on the redevelopment of the Jiuzhou Port area, in which the Jiuzhou Port Facilities are to be demolished and redeveloped. The redeveloped Jiuzhou Port Passenger Terminal will be more suited to satisfy the requirements and functions of a passenger terminal as a modern transportation hub.

On 10 December 2020, ZJ Holdings entered into a compensation agreement ("Compensation Agreement") with Jiuzhou Port Company, pursuant to which the Jiuzhou Port Leases shall be terminated and as compensation, ZJ Holdings shall, among other things, pay Jiuzhou Port Company a compensation fee of RMB19,000,000 and provide interim building facilities.

As ZJ Holdings is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. Jiuzhou Port Company is a subsidiary of the Company, indirectly owned as to 90% and 10% by the Company and ZJ Holdings, respectively. Accordingly, the Compensation Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the compensation fee payable under the Compensation Agreement is greater than 0.1% but less than 5%, the entering into Compensation Agreement and the transactions contemplated thereunder are only subject to reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. For details of the Compensation Agreement, please refer to the Company's announcement dated 10 December 2020.

B. Continuing Connected Transactions

(1) Jiuzhou Agency Transportation Cum Management Fee Agreements

On 18 March 2011, Jiuzhou Port Company, a non wholly-owned subsidiary of the Company, and Ferry Company, a non wholly-owned subsidiary of the Company (previously accounted for as a joint venture of the Group), entered into certain agreements on similar terms (collectively, the "2011 AM Fee Agreements") pursuant to which Jiuzhou Port Company acted as agent of Ferry Company for selling of ferry tickets to passengers and for providing management services for the berthing facilities at the Jiuzhou Port in Zhuhai to Ferry Company for the term commencing on 1 January 2011 and expired on 31 December 2013. Under the 2011 AM Fee Agreements, Jiuzhou Port Company was entitled to receive agency cum management fees ("Jiuzhou AM Fees") from Ferry Company calculated on the basis of 23.5% of the gross proceeds from the ferry tickets sold after deducting certain fees and expenses. Ferry Company was required to pay the agency cum management fees in arrears and on a monthly basis under the 2011 AM Fee Agreements. At the special general meeting of the Company held on 27 May 2011, the 2011 AM Fee Agreements, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders of the Company.

On 28 September 2012, Jiuzhou Port Company and Ferry Company entered into certain termination agreements to terminate the 2011 AM Fee Agreements. Three new agency transportation cum management fee agreements for the period commencing on 28 September 2012 and expired on 31 December 2014 on similar terms (collectively, the "2012 AM Fee Agreements") were made between Jiuzhou Port Company, Ferry Company and Jiuzhou Passenger Development Company, a wholly-owned subsidiary of ZJ Holdings. Pursuant to the 2012 AM Fee Agreements, Jiuzhou Port Company was mainly responsible for providing waiting lounge for passengers, supplying electricity and fresh water to the ferries of Ferry Company, conducting promotional activities for the ferry lines and providing berthing facilities and services for the ferries of Ferry Company at the Jiuzhou Port, and Jiuzhou Passenger Development Company was mainly responsible for selling ferry tickets to passengers in the PRC, luggage transportation, assisting in the management of waiting lounge services and conducting business promotion activities. Both Jiuzhou Passenger Development Company and Ferry Company are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2012 AM Fee Agreements constituted CCTs for the Company under Chapter 14A of the Listing Rules. Under the 2012 AM Fee Agreements, (i) Jiuzhou Port Company was entitled to receive the agency, transportation cum management fees ("AM Fees") from Ferry Company calculated on the basis of 17.5% or 20.5% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines; and (ii) Jiuzhou Passenger Development Company was entitled to receive (1) agency transportation and management fees from Ferry Company calculated on the basis of 3% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines; and (2) an agency fee of RMB3 per ticket sold for certain ferry lines. Ferry Company was required to pay the agency cum management fees in arrears and on a monthly basis under the 2012 AM Fee Agreements. At the special general meeting of the Company held on 18 December 2012, the 2012 AM Fee Agreements, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders of the Company.

On 30 September 2013, supplemental agreements (the "Supplemental Agreements") to the 2012 AM Fee Agreements were entered into between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company. The major terms ("Variation of Terms") of the Supplemental Agreements included: (1) Jiuzhou Port Company was entitled to receive the AM Fees from Ferry Company calculated on the basis of 19.5% or 22.5% of the gross proceeds from the ferry tickets sold, after deducting certain expenses and fees payable to certain independent third parties for certain ferry lines (the "Net Proceeds") (the original charging rate under the 2012 AM Fee Agreements before the Variation of Terms was in the range of 17.5% or 20.5%); (2) Jiuzhou Passenger Development Company was entitled to receive agency transportation and management fees from Ferry Company calculated on the basis of 1% of the Net Proceeds from the ferry tickets sold (the original charging rate under the 2012 AM Fee Agreements before the Variation of Terms was 3%); and (3) the sharing ratio of certain expenses in connection with business promotion between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company was 76.5%: 22.5%: 1% (the original sharing ratio under the 2012 AM Fee Agreements before the Variation of Terms was 76.5%: 20.5%: 3%). The Variation of Terms did not result in the related annual caps for the years ended 31 December 2013 and 2014 respectively being exceeded. Having considered the factors mentioned above, the Board was of the view that the Variation of Terms did not constitute a material change to the terms of the 2012 AM Fee Agreements. Accordingly, the Company was not required to re-comply with the independent shareholders' approval requirements under Chapter 14A of the Listing Rules in connection with the Variation of Terms.

On 31 December 2014, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company entered into, on a conditional basis, certain agreements (collectively, the "2015 AM Fee Agreements") on similar terms in relation to the operation of the same ferry lines as in the 2012 AM Fee Agreements (as varied by the Supplemental Agreements) all for a term of three years up to 31 December 2017.

On 4 December 2017, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company entered into, on a conditional basis, certain agreements (collectively, the "2018–20 Jiuzhou AM Fee Agreements") in relation to the operation of the same ferry lines as in the 2012 AM Fee Agreements (as varied by the Supplemental Agreements) all for a term of three years up to 31 December 2020. The major terms of the 2018–20 Jiuzhou AM Fees Agreements included: (1) Jiuzhou Port Company was entitled to receive the AM Fees from Ferry Company calculated on the basis of 18.8% of the Net Proceeds from the ferry tickets sold (the charging rate under the 2015 AM Fee Agreements was in the range of 19.5% or 22.5%); (2) Jiuzhou Passenger Development Company was entitled to receive agency transportation and management fees from Ferry Company calculated on the basis of 1.7% or 4.7% of the Net Proceeds from the ferry tickets sold[1] (the original charging rate under the 2015 AM Fee Agreements was 1.7% or 4.7%); and (3) the sharing ratio of certain expenses in connection with business promotion between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company was 76.5%: 18.8%: 1.7% or 76.5%: 18.8%: 4.7% (as the case may be) (the sharing ratio under the 2015 AM Fee Agreements was 76.5%: 22.5%: 1%).

[1] The ticket selling agents were entitled to receive a handling fee equivalent to 3% of the Net Proceed for one of the ferry lines.

As the outbound passenger flow for the ferry lines and the average ferry ticket price during FY2018 increased at a rate greater than originally expected, the parties increased the annual caps under the 2018–20 Jiuzhou AM Fee Agreements from RMB52.42 million, RMB51.42 million and RMB50.42 million to RMB71.03 million, RMB78.93 million and RMB87.33 million for FY2018, FY2019 and FY2020, respectively.

As (a) Jiuzhou Port Company is indirectly owned by the Company and ZJ Holdings as to 90% and 10%, respectively; (b) Ferry Company is indirectly owned by the Company and ZJ Holdings as to 49% and 43%, respectively; and (c) ZJ Holdings is the controlling shareholder of the Company, Ferry Company and Jiuzhou Port Company are connected subsidiaries of the Company under the Listing Rules. As Jiuzhou Passenger Development Company is a wholly-owned subsidiary of ZJ Holdings, Jiuzhou Passenger Development Company is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the 2018–20 Jiuzhou AM Fee Agreements thus constitute CCTs for the Company under Chapter 14A of the Listing Rules and the revision of the annual caps thereunder require the Company to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

At the special general meeting of the Company held on 18 January 2018, the 2018–20 Jiuzhou AM Fee Agreements, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders of the Company.

At the special general meeting of the Company held on 30 October 2018, the revision of the annual caps for the CCTs contemplated under the 2018–20 Jiuzhou AM Fee Agreements was approved by the independent shareholders of the Company.

It was expected that the CCTs under the 2018–20 Jiuzhou AM Fee Agreements (except in relation to the HK Airport Line) will continue beyond their respective expiry on 31 December 2020. On 21 December 2020, Ferry Company as service recipient, Jiuzhou Port Company as port facilities provider and Jiuzhou Passenger Development Company as passenger transport station operator and transportation agency services and luggage transportation services provider entered into three agency transportation cum management fee agreements ("2021–23 Jiuzhou AM Fee Agreements") in relation to the operation of the ferry lines between Jiuzhou Port, Zhuhai, the PRC on the one part and the following terminals ("Relevant Terminals (JZ Port Line)") on the other part (i) the Hong Kong China Ferry Terminal or Hong Kong-Macau Ferry Terminal ("HK-Macau Ferry Terminal Line"), (ii) Macau Taipa Ferry Terminal ("Macau Taipa Line") and (iii) Shekou, Shenzhen, the PRC ("Shekou Line", together with HK-Macau Ferry Terminal Line and Macau Taipa Line, "Relevant ZJ Port Ferry Lines") for a term of three years up to 31 December 2023:

In return for the above services, the parties agreed to share certain revenues and expenses in the following manners:

(a) *Jiuzhou AM Fees*

Jiuzhou Port Company and Jiuzhou Passenger Development Company are entitled to receive the Jiuzhou AM Fees from Ferry Company calculated at fixed percentages of the net proceeds ("Net Proceeds"), which represents the gross proceeds from the ferry tickets after deducting certain expenses and ticket-selling handling fees payable to certain independent third parties for the Relevant ZJ Port Ferry Lines departing from Jiuzhou Port to the Relevant Terminals (JZ Port Line) (including (i) single-trip tickets from Jiuzhou Port to the Relevant Terminals (JZ Port Line) and (ii) the part of round-trip return tickets for the route from Jiuzhou Port to the Relevant Terminals (JZ Port Line)). Calculation of the Jiuzhou AM Fees is based on the Net Proceeds for the Relevant ZJ Port Ferry Lines with Jiuzhou Port as the departing port, irrespective of the location of where the ferry tickets are sold. Details of the calculation of the Jiuzhou AM Fees are set out in the table below:

	% of the Net Proceeds				
	Ferry Company	**Jiuzhou Port Company**	**Jiuzhou Passenger Development Company**	**Ticket-selling agent**	**Total**
HK-Macau Ferry Terminal Line:					
Ferry tickets sold by Hong Kong ticket-selling agents representing the first 30% of the seats of each ferry	76.5%	18.8%	1.7%	3% *(Note 1)*	100%
Ferry tickets sold other than by Hong Kong ticket-selling agents and the remaining ferry tickets sold by Hong Kong ticket-selling agents	76.5%	18.8%	4.7%	N/A	100%

	% of the Net Proceeds				
	Ferry Company	Jiuzhou Port Company	Jiuzhou Passenger Development Company	Ticket-selling agent	Total
Macau Taipa Line:					
(A) 1-year span from the commencement date of Macau Taipa Line					
Ferry tickets sold by Macau ticket-selling agents representing the first 30% of the seats of each ferry	88%	9.6%	2.4%	N/A *(Note 2)*	100%
Ferry tickets sold other than by Macau ticket-selling agents and the remaining ferry tickets sold by Macau ticket-selling agents	85%	12%	3%	N/A *(Note 2)*	100%
(B) Remaining term up to 31 December 2023					
Ferry tickets sold by Macau ticket-selling agents representing the first 30% of the seats of each ferry	79.5%	18.8%	1.7%	N/A *(Note 2)*	100%
Ferry tickets sold other than by Macau ticket-selling agents and the remaining ferry tickets sold by Macau ticket-selling agents	76.5%	18.8%	4.7%	N/A *(Note 2)*	100%
Shekou Line:	76.5%	18.8%	4.7%	N/A	100%

Notes:

1. The Hong Kong ticket-selling agents are entitled to a handling fee equivalent to 3% of the Net Proceeds for each single-trip ticket from Jiuzhou Port to Hong Kong and round-trip return ticket (for the route from Jiuzhou Port to Hong Kong) sold in Hong Kong up to the first 30% of the seats for each ferry.

2. The Macau ticket-selling agents are entitled to a handling fee equivalent to 8.5% of the gross proceeds for the Macau Taipa Line (both (i) from Jiuzhou Port to Macau, and (ii) from Macau to Jiuzhou Port).

(b) Luggage transportation fee

In addition, under the 2021–23 Jiuzhou AM Fee Agreements, Jiuzhou Passenger Development Company will provide luggage transportation services to passengers of the Relevant ZJ Port Ferry Lines by receiving their luggage and the passengers are charged with a fee ("Luggage Transportation Fee") for such luggage transportation services by Jiuzhou Passenger Development Company at Jiuzhou Port before boarding according to the weight of the luggage which is the subject of transportation (instead of that measured at the same time as purchasing ferry tickets). Jiuzhou Port Company will provide luggage handling and loading services in respect of the luggage. In return, Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company shall share the Luggage Transportation Fee on the basis of 50%:25%:25% for all ferry lines (from or to Jiuzhou Port).

(c) Business promotional expenses

Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company will jointly undertake promotional activities in respect of the Relevant ZJ Port Ferry Lines by way of advertisements via various media such as newspaper, magazines, radio and television.

The parties will share among themselves certain expenses in connection with such business promotion. For each of the Relevant ZJ Port Ferry Lines (from or to Jiuzhou Port), the sharing ratio between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company is 76.5%:18.8%:4.7%.

(d) Surcharge on supply of electricity and fresh water

Jiuzhou Port Company will supply electricity and fresh water to Ferry Company at a surcharge calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.

During FY2020, agency, transportation cum management fees received by Jiuzhou Port Company from Ferry Company amounted to RMB7,041,000 (FY2019: RMB26,576,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

During FY2020, agency, transportation cum management fees received by Jiuzhou Passenger Development Company from Ferry Company amounted to RMB2,174,000 (FY2019: RMB7,209,000).

As the 2021–23 Jiuzhou AM Fee Agreements only commenced on 1 January 2021, during FY2020, agency, transportation cum management fees received by Jiuzhou Port Company from Ferry Company under the 2021–23 Jiuzhou AM Fee Agreements was nil.

As the 2021–23 Jiuzhou AM Fee Agreements only commenced on 1 January 2021, during FY2020, agency, transportation cum management fees received by Jiuzhou Passenger Development Company from Ferry Company under the 2021–23 Jiuzhou AM Fee Agreements was nil.

Details of the 2011 AM Fee Agreements, the 2012 AM Fee Agreements, the Supplemental Agreements, the 2015 AM Fee Agreements, the 2018–20 Jiuzhou AM Fee Agreements, the revision of the annual caps for the CCTs contemplated under the 2018–20 Jiuzhou AM Fee Agreements and the 2021–23 Jiuzhou AM Fee Agreements are set out in the Company's announcements dated 17 November 2011, 28 September 2012, 30 September 2013, 31 December 2014, 4 December 2017, 24 September 2018 and 21 December 2020, and the circulars dated 23 November 2012, 30 April 2015, 28 December 2017 and 10 October 2018.

(2) Diesel Supply Agreement

Under a renewed supply agreement dated 4 December 2017, Zhuhai Jiuzhou Energy Co., Ltd.* (珠海九洲能源有限公司) ("Jiuzhou Energy Company"), a company at that time wholly-owned by Ferry Company and now wholly-owned by Jiuzhou Public Utilities Co., Ltd.* (九洲公用有限公司) ("Jiuzhou Public Utilities"), a connected subsidiary of the Company under the same shareholding structure of the Ferry Company (and therefore was and is a connected person of the Company under the Listing Rules), has agreed to supply Zhuhai Holiday Resort Hotel diesel fuel on an on-going basis for a term of three years commencing from 1 January 2018 to 31 December 2020. The purchase price payable by Zhuhai Holiday Resort Hotel would be at a discount of RMB0.05 per litre for diesel fuel to the daily rate promulgated by the PRC government and shall be paid by Zhuhai Holiday Resort Hotel to Jiuzhou Energy Company on a monthly basis in arrears.

During FY2020, the diesel fuel Zhuhai Holiday Resort Hotel purchased from Jiuzhou Energy Company amounted to RMB399,000 (FY2019: RMB726,000).

Details of the above agreement are set out in the Company's announcement dated 4 December 2017.

(3) Wanshan Agency Transportation Cum Management Fee Agreements

An agency transportation cum management fee agreement (the "2014 Wanshan AM Fee Agreement") together with its supplemental agreement (the "2014 Supplemental Wanshan AM Fee Agreement") both dated 1 January 2014 were entered into between Zhuhai S.E.Z. Haitong Shipping Co., Ltd.* (珠海經濟特區海通船務有限公司) ("HT Shipping"), and Zhuhai Wanshan Port Co., Ltd.* (珠海市萬山區港務有限公司) ("Wanshan Port Company"), in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping at the following terminals (collectively, the "Designated Terminals (Wanshan Line)") for a term of one year from 1 January 2014 up to 31 December 2014:

(i) North Terminal ("North Terminal") of Xiangzhou Port* (香洲港北堤碼頭), Zhuhai; and

(ii) Certain terminals on Wanshan Qundao* (萬山群島), Zhuhai, including Guishan Terminal* (桂山碼頭), Wai Lingding Terminal* (外伶仃碼頭), Dongao Terminal* (東澳碼頭), Wanshan Terminal* (萬山碼頭) and Dangan Terminal* (擔桿碼頭) (collectively "Wanshan Qundao Terminals").

Since January 2010, HT Shipping (which was then (and is still) a wholly-owned subsidiary of Ferry Company which in turn was, at the material time, a joint venture of the Company) has been engaging Wanshan Port Company (a then wholly-owned subsidiary of an independent third party) to provide port and transportation agency services to the ferries of HT Shipping at the Designated Terminals (Wanshan Line) pursuant to various written agreements, including the 2014 Wanshan AM Fee Agreement (as supplemented by the 2014 Supplemental Wanshan AM Fee Agreement).

During the period from January 2010 and immediately prior to 23 May 2013, the above transactions between HT Shipping and Wanshan Port Company were transactions of a revenue nature in the ordinary and usual course of business of the Group which were conducted between a joint venture (which was not a member of the Group) of the Company and an independent third party, which transactions did not constitute transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules.

On 23 May 2013, following completion of changes to its shareholding composition, Ferry Company has been treated as a 49%-owned subsidiary of the Company, and hence HT Shipping (a wholly-owned subsidiary of Ferry Company), also became a subsidiary of the Company.

During the period from 23 May 2013 and immediately prior to 29 January 2014, the above transactions between HT Shipping and Wanshan Port Company were transactions of a revenue nature in the ordinary and usual course of business of the Group which were conducted between a member of the Group and an independent third party, which transactions did not constitute transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules.

On 29 January 2014, ZJ Holdings completed its acquisition of 50% equity interests in Wanshan Port Company from the latter's then sole equity-holder which was an independent third party. Since then, Wanshan Port Company has become an associate of ZJ Holdings and a connected person of the Company. Accordingly, since 29 January 2014, transactions contemplated between HT Shipping (a member of the Group) and Wanshan Port Company (a connected person of the Company) constituted CCTs under Chapter 14A of the Listing Rules.

Since January 2010, transactions between HT Shipping and Wanshan Port Company were governed under written agreements for a term of either one year or three years. The CCTs between the parties in 2014 and 2015 were governed by the 2014 Wanshan AM Fee Agreement (as supplemented by the 2014 Supplemental Wanshan AM Fee Agreement) and a renewed agency transportation cum management fee agreement (the "2015 Wanshan AM Fee Agreement") dated 20 March 2015, respectively.

On 31 December 2015, HT Shipping and Wanshan Port Company entered into a renewed agency transportation cum management fee agreement (the "2016 Wanshan AM Fee Agreement") on similar terms in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping at the Designated Terminals (Wanshan Line) for a term of one year from 1 January 2016 up to 31 December 2016.

On 29 December 2016, HT Shipping and Wanshan Port Company entered into a renewed agency transportation cum management fee agreement (the "2017 Wanshan AM Fee Agreement") in relation to the provision of port and transportation agency services by Wanshan Port Company to HT Shipping at the Designated Terminals (Wanshan Line) for a term of one year from 1 January 2017 to 31 December 2017.

On 4 December 2017, HT Shipping and Wanshan Port Company entered into a renewed agency transportation cum management fee agreement (the "2018 Wanshan AM Fee Agreement") in relation to the provision of port and transportation agency services by Wanshan Port Company to HT Shipping at the Designated Terminals (Wanshan Line) for a term of one year from 1 January 2018 to 31 December 2018.

On 24 December 2018, HT Shipping and Wanshan Port Company entered into the following three agency transportation cum management fee agreements (collectively the "2019 Wanshan AM Fee Agreements") in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping at designated terminals for a term of one year from 1 January 2019 up to 31 December 2019:

	Agreement	Date	Service Recipient	Service Provider	Designated Terminals
1.	Agency transportation cum management fee agreement (the "2019 Wanshan AM Fee Agreement (Wanshan Line)")	24 December 2018	HT Shipping	Wanshan Port Company	the Designated Terminals (Wanshan Line)
2.	Agency transportation cum management fee agreement (the "2019 Wanshan AM Fee Agreement (Hengqin Line)")	24 December 2018	HT Shipping	Wanshan Port Company	(i) Jiuzhou Port* (九洲港碼頭) or Hengqin Port* (橫琴碼頭), Zhuhai; and (ii) Wai Lingding Terminal* (外伶仃碼頭) and Dongao Nansha Wan Terminal* (東澳南沙灣碼頭), Zhuhai (together with (i) above, the "Designated Terminals (Hengqin Line)"
3.	Agency transportation cum management fee agreement (the "2019 Wanshan AM Fee Agreement (Shenzhen Shekou Line)")	24 December 2018	HT Shipping	Wanshan Port Company	(i) Shekou Port* (深圳蛇口港), Shenzhen; and (ii) Wai Lingding Terminal* (外伶仃碼頭), Dongao Wan Terminal* (東澳灣碼頭) and Guishan Terminal* (桂山碼頭), Zhuhai (together with (i) above, the "Designated Terminals (Shenzhen Shekou Line).

On 27 December 2019, HT Shipping or Zhuhai City Zhuhai-Macau Marine Tourism Co., Ltd* (珠海市環珠澳海上觀光有限公司) ("Marine Tourism Company") and Wanshan Port Company entered into the following four agency transportation cum management fee agreements (collectively the "2020 Wanshan AM Fee Agreements") in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping or Marine Tourism Company at the designated terminals for a term of one year from 1 January 2020 up to 31 December 2020:

	Agreement	Date	Service Recipient	Service Provider	Designated Terminals
1.	Agency transportation cum management fee agreement (the "2020 HT-Wanshan AM Fee Agreement (Wanshan Line)")	27 December 2019	HT Shipping	Wanshan Port Company	the Designated Terminals (Wanshan Line)
2.	Agency transportation cum management fee agreement (the "2020 HT-Wanshan AM Fee Agreement (Hengqin Line)")	27 December 2019	HT Shipping	Wanshan Port Company	The Designated Terminals (Hengqin Line)
3.	Agency transportation cum management fee agreement (the "2020 HT-Wanshan AM Fee Agreement (Shenzhen Shekou Line)")	27 December 2019	HT Shipping	Wanshan Port Company	the Designated Terminals (Shenzhen Shekou Line)
4.	Agency transportation cum management fee agreement (the "2020 Marine Tourism-Wanshan AM Fee Agreement")	27 December 2019	Marine Tourism Company	Wanshan Port Company	Xiangzhou Port* (香洲港碼頭), Zhuhai (the "Designated Terminal (Xiangzhou Line)")

In return for the above services, Wanshan Port Company is entitled to receive the following fees payable by HT Shipping or Marine Tourism Company (as applicable):

<table>
<tr><th></th><th>Agreement</th><th>Fees payable by HT Shipping or Marine Tourism Company (as applicable)</th></tr>
<tr><td>1.</td><td>2020 HT-Wanshan AM Fee Agreement (Wanshan Line)</td><td>(i) agency and management fees calculated on the basis of:
(A) 12% of the gross proceeds from the ferry tickets sold in respect of the ferry services from North Terminal to the Wanshan Qundao Terminals;
(B) 15% of the gross proceeds from the ferry tickets sold in respect of the ferry services from the Wanshan Qundao Terminals to the North Terminal;
(ii) luggage transportation fee calculated on the basis of 40% of the gross revenue per month for such service;
(iii) a berthing fee of RMB200 per day for each non–operating ferry of HT Shipping which berths at the Designated Terminals (Wanshan Line);
(iv) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Wanshan Line);
(v) an office leasing fee of RMB1,000 per month (excluding electricity and water charges); and
(vi) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Wanshan Line)</td></tr>
</table>

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
2. 2020 HT-Wanshan AM Fee Agreement (Hengqin Line)	(i) agency and management fees calculated on the basis of: subject to a minimum fee for each voyage of RMB500: (A) 20% of the operating income from the ferry services from Wai Lingding Terminal and Dongao Nansha Wan Terminal to Jiuzhou Port; (B) 20% of the gross proceeds from the ferry tickets sold in respect of the ferry services from Wai Lingding Terminal and Dongao Nansha Wan Terminal to Hengqin Port; (ii) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Hengqin Line); and (iii) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Hengqin Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
3. 2020 HT-Wanshan AM Fee Agreement (Shenzhen Shekou Line)	(i) agency and management fees calculated on the basis of 25% of the operating income from the ferry services from Wai Lingding Terminal, Dongao Nansha Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port; or RMB30 for each customer of the ferry services from Wai Lingding Terminal, Dongao Nansha Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port, whichever is higher; (ii) a cleaning fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Shenzhen Shekou Line); (iii) the berthing fees of HT Shipping's ferries at the terminals of Wanshan Port Company shall be calculated and collected at the standard fee of RMB300 per berthing; for the berthing of the ships on the route connecting the islands, the berthing fees shall be calculated and collected at the standard fee of RMB250 per berthing; and for the round-trip voyages containing vacant ferries, the berthing fees shall be calculated and collected at the standard fee of RMB250 per berthing; and (iv) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Shenzhen Shekou Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water.

	Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
4.	2020 Marine Tourism-Wanshan AM Fee Agreement	(i) agency and management fees calculated on the basis of, subject to a minimum fee for each voyage of RMB500, 12% of the gross proceeds from the ferry tickets sold in respect of ferry services from/to the Designated Terminal (Xiangzhou Line); (ii) a berthing fee of RMB200 per day for each non–operating ferry of Marine Tourism Company which berths at the Designated Terminal (Xiangzhou Line); (iii) a cleaning fee of RMB10 per service for each ferry of Marine Tourism Company which enters into the Designated Terminal (Xiangzhou Line); and (iv) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of Marine Tourism Company at the Designated Terminal (Xiangzhou Line), and a maintenance fee calculated on the basis of a premium of 10% on the actual usage of electricity and fresh water.

It was expected that the CCTs under the 2020 Wanshan AM Fee Agreements will continue beyond its expiry on 31 December 2020. To ensure continual provision of port and transportation agency services by Wanshan Port Company to HT Shipping and Marine Tourism Company after the expiry of the 2020 Wanshan AM Fee Agreements, and to expand the Group's market presence in the Wanshan region/business operations following the opening of the Hong Kong-Zhuhai-Macao Bridge, on 23 December 2020, HT Shipping or Marine Tourism Company and Wanshan Port Company entered into the following five agency transportation cum management fee agreements (collectively the "2021 Wanshan AM Fee Agreements") in relation to the provision of certain port and transportation agency services by Wanshan Port Company to HT Shipping or Marine Tourism Company (as applicable) at the designated terminals for a term of one year from 1 January 2021 up to 31 December 2021:

	Agreement	Date	Service Recipient	Service Provider	Designated Terminals
1.	Agency transportation cum management fee agreement (the "2021 HT-Wanshan AM Fee Agreement (Wanshan Line)")	23 December 2020	HT Shipping	Wanshan Port Company	The Designated Terminals (Wanshan Line)
2.	Agency transportation cum management fee agreement (the "2021 HT-Wanshan AM Fee Agreement (Hengqin Line)")	23 December 2020	HT Shipping	Wanshan Port Company	The Designated Terminals (Hengqin Line)
3.	Agency transportation cum management fee agreement (the "2021 HT-Wanshan AM Fee Agreement (Shenzhen Shekou Line)")	23 December 2020	HT Shipping	Wanshan Port Company	The Designated Terminals (Shenzhen Shekou Line)
4.	Agency transportation cum management fee agreement (the "2021 HT-Wanshan AM Fee Agreement (Guangzhou Nansha Line)")	23 December 2020	HT Shipping	Wanshan Port Company	The Designated Terminals (Guangzhou Nansha Line)
5.	Agency transportation cum management fee agreement (the "2021 Marine Tourism-Wanshan AM Fee Agreement")	23 December 2020	Marine Tourism Company	Wanshan Port Company	The Designated Terminal (Xiangzhou Line)

In return for the above services, Wanshan Port Company is entitled to receive the following fees payable by HT Shipping or Marine Tourism Company (as applicable):

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
1. 2021 HT-Wanshan AM Fee Agreement (Wanshan Line)	(i) port operation fees calculated on the basis of: (A) 12% of the gross proceeds from the ferry tickets sold in respect of the ferry services from Xiangzhou Terminal to the Wanshan Qundao Terminals; (B) 15% of the gross proceeds from the ferry tickets sold in respect of the ferry services from the Wanshan Qundao Terminals to the Xiangzhou Terminal; (ii) A garbage receiving and processing fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Wanshan Line); (iii) an office leasing fee of RMB1,000 per month (excluding electricity and water charges); and (iv) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Wanshan Line), and a maintenance fee calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.
2. 2021 HT-Wanshan AM Fee Agreement (Hengqin Line)	(i) port operation fees calculated on the basis of 20% of the gross proceeds from the ferry tickets sold in respect of the ferry services from Wai Lingding Terminal and Dongao Nansha Wan Terminal, subject to a minimum fee for each voyage of RMB500; (ii) a garbage receiving and processing fee of RMB10 per service for each ferry of HT Shipping which enters into the Designated Terminals (Hengqin Line); and

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
	(iii) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Hengqin Line), and a maintenance fee calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.
3. 2021 HT-Wanshan AM Fee Agreement (Shenzhen Shekou Line)	(i) port operation fees calculated on the basis of 25% of the operating income from the ferry services from Wai Lingding Terminal, Dongao Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port; or RMB30 for each customer of the ferry services from Wai Lingding Terminal, Dongao Wan Terminal, and Guishan Terminal to Shenzhen Shekou Port, whichever is higher;
	(ii) a garbage receiving and processing fee of RMB100 per service for each ferry of HT Shipping which enters into the Designated Terminals (Shenzhen Shekou Line); and
	(iii) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Shenzhen Shekou Line), and a maintenance fee calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.
4. 2021 HT-Wanshan AM Fee Agreement (Guangzhou Nansha Line)	(i) port operation fees calculated on the basis of 25% of the operating income from the ferry services from Wai Lingding Terminal, Dongao Wan Terminal, and Guishan Terminal to Guangzhou Nansha Port; or RMB30 for each customer of the ferry services from Wai Lingding Terminal, Dongao Wan Terminal, and Guishan Terminal to Guangzhou Nansha Port, whichever is higher;
	(ii) a garbage receiving and processing fee of RMB100 per service for each ferry of HT Shipping which enters into the Designated Terminals (Guangzhou Nansha Line); and

Agreement	Fees payable by HT Shipping or Marine Tourism Company (as applicable)
	(iii) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of HT Shipping at the Designated Terminals (Guangzhou Nansha Line), and a maintenance fee calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.
5. 2021 Marine Tourism-Wanshan AM Fee Agreement	(i) port operation fees calculated on the basis of 12% of the gross proceeds from the ferry tickets sold in respect of ferry services from/to the Designated Terminal (Xiangzhou Line), subject to a minimum fee for each voyage of RMB500;
	(ii) a garbage receiving and processing fee of RMB10 per service for each ferry of Marine Tourism Company which enters into the Designated Terminal (Xiangzhou Line); and
	(iii) a surcharge on the provision of electricity, fresh water and sewage treatment (at a fee to be charged at a fixed rate with reference to the actual usage) to ferries of Marine Tourism Company at the Designated Terminal (Xiangzhou Line), and a maintenance fee calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.

As explained above, HT Shipping is a wholly-owned subsidiary of Ferry Company, which in turn a subsidiary of the Company. HT Shipping is a subsidiary of the Company.

Marine Tourism Company is also a wholly-owned subsidiary of Ferry Company (of which 100% equity interest of Marine Tourism Company is directly held by Zhuhai Jiuzhou Cruises Co., Ltd.* (珠海市九洲郵輪有限公司) ("Jiuzhou Cruises"), which is a direct wholly-owned subsidiary of Ferry Company). Marine Tourism Company is therefore also a subsidiary of the Company.

As Wanshan Port Company is a non wholly-owned company of ZJ Holdings, hence Wanshan Port Company is an associate of ZJ Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2020 Wanshan AM Fee Agreements thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

During FY2020, the agency, transportation cum management fees and relevant fees Wanshan Port Company received from HT Shipping under the 2020 Wanshan AM Fee Agreements amounted to RMB2,239,000 (FY2019, under the 2019 Wanshan AM Fee Agreements: RMB12,381,000).

During FY2020, the agency, transportation cum management fees and relevant fees Wanshan Port Company received from Marine Tourism Company under the 2020 Wanshan AM Fees Agreements amounted to RMBNil.

As the 2021 Wanshan AM Fee Agreements only commenced on 1 January 2021, during FY2020, the port operation fees and relevant fees Wanshan Port Company received from HT Shipping and Marine Tourism Company under the 2021 Wanshan AM Fee Agreements were nil.

Details of the 2014 Wanshan AM Fee Agreement, the 2014 Supplemental Wanshan AM Fee Agreement, the 2015 Wanshan AM Fee Agreement, the 2016 Wanshan AM Fee Agreement, the 2017 Wanshan AM Fee Agreement, the 2018 Wanshan AM Fee Agreement, 2019 Wanshan AM Fee Agreements, 2020 Wanshan AM Fee Agreements and 2021 Wanshan AM Fee Agreements are set out in the Company's announcements dated 20 March 2015, 31 December 2015, 29 December 2016, 4 December 2017, 24 December 2018, 27 December 2019 and 23 December 2020 respectively.

(4) Petrol Supply Agreements

Since January 2012, Zhuhai Jiuzhou Port Petro-filling Station Co., Ltd.*（珠海九洲港加油站有限公司）(“Jiuzhou Petro-filling Station”), a non wholly-owned subsidiary of the Company, has been supplying petrol and diesel to Zhuhai Jiuzhou Travel Transport Co., Ltd.*（珠海市九洲旅遊運輸有限公司）(“Jiuzhou Travel Transport”), a company in which ZJ Holdings is interested in 49% of its equity interest.

Prior to 23 May 2013, Ferry Company was a joint venture of the Company and was then a connected person of the Company. Jiuzhou Petro-filling Station was then (and is still) wholly-owned by Ferry Company (among which 90% equity interest of Jiuzhou Petro-filling Station is directly held by Ferry Company and the remaining 10% thereof is directly held by Jiuzhou Energy Company, which was a directly wholly-owned subsidiary of Ferry Company), hence, Jiuzhou Petro-filling Station was then also a connected person of the Company. At the material time, Jiuzhou Travel Transport was then (and is still) 49%-owned by ZJ Holdings, hence an associate of ZJ Holdings and a connected person of the Company. As both Jiuzhou Petro-filling Station and Jiuzhou Travel Transport were then connected persons of the Company and not members of the Group, prior to 23 May 2013, transactions contemplated between them did not constitute connected transactions under Chapter 14A of the Listing Rules.

On 23 May 2013, changes to the shareholding composition of Ferry Company completed and since then Ferry Company has been treated as a 49%-owned subsidiary of the Company. Jiuzhou Petro-filling Station, being a subsidiary of Ferry Company, also became a member of the Group since the change of status of Ferry Company becoming effective. Accordingly, since 23 May 2013, transactions contemplated between Jiuzhou Petro-filling Station (a member of the Group) and Jiuzhou Travel Transport (a connected person of the Company) constituted connected transactions under Chapter 14A of the Listing Rules.[2]

Prior to 1 September 2013, no written agreement was entered into between Jiuzhou Petro-filling Station and Jiuzhou Travel Transport for the supply of fuel. On 1 September 2013, Jiuzhou Petro-filling Station and Jiuzhou Travel Transport entered into a supply of petrol and diesel agreement (the "2013–14 Petrol Supply Agreement") dated 1 September 2013 pursuant to which the former agreed to supply to the latter petrol and diesel on an on-going basis for a term of one year up to 31 August 2014. On 1 September 2014, Jiuzhou Petro-filling Station and Jiuzhou Travel Transport entered into a supply of petrol and diesel agreement (the "2014–15 Petrol Supply Agreement"), as supplemented by a supplemental agreement dated 31 December 2014 (the "Supplemental Petrol Supply Agreement"), pursuant to which the former agreed to supply to the latter petrol and diesel on an on-going basis for a term commencing from 1 September 2014 up to 31 December 2015.

On 31 December 2015, Jiuzhou Petro-filling Station and Jiuzhou Travel Transport entered into a renewed supply of petrol and diesel agreement (the "2016–17 Petrol Supply Agreement") on similar terms in relation to supply of petrol and diesel by Jiuzhou Petro-filling Station to Jiuzhou Travel Transport for a term of two years from 1 January 2016 up to 31 December 2017.

On 4 December 2017, Jiuzhou Petro-filling Station and Jiuzhou Travel Transport entered into a renewed supply of petrol and diesel agreement (the "2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement") on similar terms in relation to supply of petrol and diesel by Jiuzhou Petro-filling Station to Jiuzhou Travel Transport for a term of three years from 1 January 2018 up to 31 December 2020.

In light of the relocation of the parking lot of Jiuzhou Travel Transport, the demand of Jiuzhou Travel Transport for petrol and diesel fuel for its vehicles increased. The existing annual caps under the 2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement would not be sufficient to meet the expected transaction amounts under the 2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement for FY2018, FY2019 and FY2020. In September 2018, the annual caps under the 2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement was increased from RMB3.1 million, RMB3.5 million and RMB4 million to RMB6 million, RMB6.5 million and RMB7 million for FY2018, FY2019 and FY2020.

2 Immediately after the Internal Restructuring (as defined and described below), the Group continue to hold a 49% equity interest in Jiuzhou Energy Group and will continue to consolidate Jiuzhou Energy Group as non wholly-owned subsidiaries. As JiuZhou Petro-filling Station will remain a subsidiary of the Company and a member of the Group, the 2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement and the transactions contemplated thereunder remained and the 2021-23 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement constitutes CCTs under Chapter 14A of the Listing Rules.

On 27 October 2020, Jiuzhou Petro-filling Station and Jiuzhou Travel Transport entered into a renewed supply of petrol and diesel agreement (the "2021–23 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement") on similar terms in relation to supply of petrol and diesel by Jiuzhou Petro-filling Station to Jiuzhou Travel Transport for a term of three years from 1 January 2021 up to 31 December 2023.

During FY2020, the petrol and diesel fuel Jiuzhou Travel Transport purchased from Jiuzhou Petro-filling Station under the 2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement amounted to RMB491,000 (FY2019: RMB3,502,000).

As the 2021–23 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement only commenced on 1 January 2021, during FY2020, the petrol and diesel fuel Jiuzhou Travel Transport purchased from Jiuzhou Petro-filling Station under the 2021–23 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement were nil.

Details of the 2013–14 Petrol Supply Agreement, the 2014–15 Petrol Supply Agreement, the Supplemental Petrol Supply Agreement, the 2016–17 Petrol Supply Agreement, the 2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement, the revision of the annual caps for the CCTs contemplated under the 2018–20 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement and the 2021–23 Jiuzhou Travel Transport Petrol and Diesel Supply Agreement are set out in the Company's announcements dated 31 December 2014, 31 December 2015, 4 December 2017, 5 September 2018 and 27 October 2020, respectively.

(5) Entrustment Loan Framework Agreements

On 19 December 2016, the Company (for itself and on behalf of certain wholly-owned subsidiaries of the Company, together with the Company, collectively "Group A Companies") and Jiuzhou Port Company (for itself and on behalf of other certain entities (excluding Jiuzhou Port Company) that are treated as non wholly-owned subsidiaries of the Company from an accounting's perspective and are connected persons of the Company by virtue of ZJ Holdings' interest therein, collectively "Group B Companies") entered into a framework agreement (the "2017–18 Entrustment Loan Framework Agreement"), pursuant to which the parties to the 2017–18 Entrustment Loan Framework Agreement shall conduct the entrustment loan arrangement upon request from time to time and during the term of the 2017–18 Entrustment Loan Framework Agreement through Zhuhai Jiuzhou Corporate Management Limited* (珠海九洲企業管理有限公司) ("Zhuhai Jiuzhou Corporate Management"), a wholly-owned subsidiary of the Company, and an independent third party financial institution in the PRC (the "Financial Institution") (as entrustment loan lending agent) which is qualified to engage in entrustment loan business.

It was expected that the CCTs under the 2017–18 Entrustment Loan Framework Agreement will continue beyond its expiry on 31 December 2018. On 18 October 2018, the Company (for itself and on behalf of other Group A Companies) and Jiuzhou Port Company (for itself and on behalf of the Group B Companies) entered into a framework agreement (the "2019–21 Entrustment Loan Framework Agreement"), pursuant to which the parties to the 2019–21 Entrustment Loan Framework Agreement shall conduct the entrustment loan arrangement upon request from time to time and during the term of the 2019–21 Entrustment Loan Framework Agreement through Zhuhai Jiuzhou Corporate Management and the Financial Institution (as entrustment loan lending agent).

ZJ Holdings is the controlling shareholder and a connected person of the Company under the Listing Rules. Jiuzhou Port Company is indirectly owned as to 90% and 10% by the Company and ZJ Holdings, respectively, and accordingly, Jiuzhou Port Company is a connected subsidiary under Rule 14A.16 of the Listing Rules. Jiuzhou Port Company and each of the other Group B Companies is treated as a non wholly-owned subsidiary of the Company from an accounting perspective and connected person of the Company by virtue of ZJ Holdings' interest therein.

At the special general meeting of the Company held on 7 December 2018, the 2019–21 Entrustment Loan Framework Agreement, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders of the Company.

The parties to the 2019–21 Entrustment Loan Framework Agreement proposed that:

(i) the annual cap for the entrustment loans to be provided by members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) to relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) (as the case may be) together with the relevant accrued interest thereof for each of FY2019, FY2020 and FY2021 shall not exceed RMB750 million; in other words, the aggregate transaction amount of outstanding loans provided by members of the Group to relevant connected persons of the Company from time to time (i.e. principal) together with relevant accrued interest thereof, in aggregate, during each of FY2019, FY2020 and FY2021 and during the term of the 2019–21 Framework Agreement shall not exceed RMB750 million; and

(ii) the annual cap for the entrustment loans to be provided by relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) to members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) (as the case may be) together with the relevant accrued interest thereof for each of FY2019, FY2020 and FY2021 shall not exceed RMB1,500 million, RMB2,000 million and RMB2,500 million, respectively; in other words, the aggregate transaction amount of outstanding loans provided by the relevant connected persons of the Company to members of the Group from time to time (i.e. principal) together with relevant accrued interest thereof, in aggregate, during each of FY2019, FY2020 and FY2021 and during the term of the 2019–21 Framework Agreement shall not exceed RMB1,500 million, RMB2,000 million and RMB2,500 million, respectively.

The actual amount of the transactions provided by members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) to relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) as at 31 December 2020 was RMB457,032,000. The actual amount of the transactions provided by relevant connected persons of the Company (including Jiuzhou Port Company and Group B Companies) to members of the Group (including Group A Companies, Jiuzhou Port Company and Group B Companies) as at 31 December 2020 was RMB1,551,395,000.

Details of the 2017–18 Entrustment Loan Framework Agreement and the 2019–21 Entrustment Loan Framework Agreement are set out in the Company's announcements dated 19 December 2016, 12 January 2017, 18 October 2018 and 9 November 2018 and the circulars dated 23 January 2017 and 19 November 2018.

(6) Cleaning Services Framework Agreement

On 18 September 2018, ZJ Property Development Company, a non wholly-owned subsidiary of the Company, entered into a framework agreement (the "Cleaning Services Framework Agreement") with Zhuhai Jiuzhou Property Management Co., Ltd.* (珠海九洲物業管理有限公司) ("ZJ Property Management"), a wholly-owned subsidiary of ZJ Holdings, pursuant to which, ZJ Property Management, as service provider, agreed to provide to ZJ Property Development Company certain cleaning and miscellaneous services at designated properties in return for services fees.

ZJ Property Management is a wholly-subsidiary of ZJ Holdings, which is the controlling shareholder of the Company. Accordingly, ZJ Property Management is an associate of ZJ Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Cleaning Services Framework Agreement constitute CCTs of the Company under Chapter 14A of the Listing Rules.

For FY2020, the total service fee under the Cleaning Services Framework Agreement amounted to RMB856,000 (FY2019: RMB1,881,000), in aggregate.

Details of the Cleaning Services Framework Agreement are set out in the Company's announcement dated 18 September 2018.

(7) Construction Services Agreement

On 23 November 2018, JPD Company entered into a construction services agreement (the "Construction Services Agreement") with ZJ Property Development Company, pursuant to which, ZJ Property Development Company agreed to provide to JPD Company certain construction services, which include, among others, pre-construction management, planning and design management, cost management, project management, bidding management, completion and delivery management and file management during a period of 32 months commencing on 23 November 2018 and ending on 30 June 2021.

JPD Company is a wholly-owned subsidiary of the Company. ZJ Holdings is the controlling shareholder of the Company. ZJ Property Development Company is indirectly owned as to 60% by the Company and 40% by ZJ Holdings, and it is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules, and hence it is a connected person of the Company under Rule 14A.07(5) of the Listing Rules. As such, the transactions contemplated under the Construction Services Agreement constitute CCTs of the Company under Chapter 14A of the Listing Rules.

For FY2020, the total construction services income under Construction Services Agreement amounted to RMB187,000 (FY2019: RMB270,000), in aggregate.

Details of the Construction Services Agreement are set out in the Company's announcement dated 23 November 2018.

(8) New Marine Tourism Line Agency Transportation Cum Management Fee Agreements

On 1 January 2019, in view of the opening of the Hong Kong-Zhuhai-Macao Bridge and to accommodate the increasing demand from tourists and travel agencies, as a pilot scheme to test the demand and operation of the New Marine Tourism Line, Jiuzhou Port Company, Ferry Company and Jiuzhou Passenger Development Company entered into an agency transportation cum management fee agreement (the "Short Term New Marine Tourism Line AM Fee Agreement") in relation to the operation of a new marine tourism ferry line (the "New Marine Tourism Line") on a relatively short term basis for the term commencing from 1 January 2019 to 28 February 2019.

Considering the popularity of the New Marine Tourism Line, Jiuzhou Port Company, Ferry Company and Jiuzhou Passenger Development Company entered into another agency transportation cum management fee agreement (the "2019–20 New Marine Tourism Line AM Fee Agreement"), with essentially similar terms.

Under the 2019–20 New Marine Tourism Line AM Fee Agreement, (a) Jiuzhou Port Company will be mainly responsible for providing waiting lounge for passengers, printing ferry tickets, supplying electricity and fresh water to Ferry Company (at a fee to be charged at market rate with reference to actual usage plus a premium of 15% per month), conducting promotional activities for the New Marine Tourism Line and providing berthing facilities and services for the ferries of Ferry Company at the Jiuzhou Port; and (b) Jiuzhou Passenger Development Company will be mainly responsible for selling and checking ferry tickets to passengers in the PRC, assisting in the management of waiting lounge services and conducting business promotion activities at ferry tickets sales points.

Jiuzhou Port Company and Jiuzhou Passenger Development Company are entitled to receive the agency and management fees from Ferry Company calculated at fixed percentages of the net proceeds ("Net Proceeds"), which represents the gross proceeds from the ferry tickets sold at Jiuzhou Port after deducting certain expenses for the New Marine Tourism Line. The sharing ratio for the Net Proceeds between Ferry Company, Jiuzhou Port Company and Jiuzhou Passenger Development Company for both the ten months ending on 31 December 2019 and for FY2020 would be 76.5%:18.8%:4.7%.

Jiuzhou Port Company will supply electricity and fresh water to Ferry Company at a surcharge calculated on the basis of a premium of 15% on the actual usage of electricity and fresh water.

Both Ferry Company and Jiuzhou Port Company are subsidiaries of the Company. Jiuzhou Passenger Development Company is a wholly-owned subsidiary of ZJ Holdings, the controlling shareholder of the Company. Jiuzhou Passenger Development Company is an associate of ZJ Holdings, hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under the Short Term New Marine Tourism Line AM Fee Agreement and 2019–20 New Marine Tourism Line AM Fee Agreement therefore constitute connected transactions under Chapter 14A of the Listing Rules.

In view of an increase in average ferry ticket price and an expectation of greater number of ferry ticket sales, the annual caps under the 2019-20 New Marine Tourism Line AM Fee Agreement for (a) transportation cum management fees and utility surcharges payable by Ferry Company to Jiuzhou Port Company were increased from RMB3,750,000 for the 10 months ending on 31 December 2019 and RMB7,060,000 for FY2020 to RMB4,730,000 and RMB11,440,000 respectively; and (b) transportation cum management fees payable by Ferry Company to Jiuzhou Passenger Development Company were increased from RMB930,000 for the 10 months ending on 31 December 2019 and RMB1,700,000 for FY2020 to RMB1,170,000 and RMB2,750,000 respectively.

For the reasons as set out in the Company's announcement dated 4 December 2020, it was expected that Ferry Company would not continue to operate the New Marine Tourism Line and hence the CCTs under the 2019-20 New Marine Tourism Line AM Fee Agreement would not continue beyond its expiry on 31 December 2020 ("Proposed Cessation of Operation of the New Marine Tourism Line"). As disclosed in the said announcement, it was expected that Jiuzhou Blue Sea Jet Investment, a wholly-owned subsidiary of ZJ Holdings, the controlling shareholder of the Company, would commence the operation of the New Marine Tourism Line.

On 30 December 2020, Jiuzhou Blue Sea Jet Investment, Jiuzhou Port Company and Jiuzhou Passenger Development Company entered into the agency transportation cum management fee agreement (the "2021-23 New Marine Tourism Line AM Fee Agreement") in relation to the operation of the New Marine Tourism Line for a term of three years from 1 January 2021 to 31 December 2023.

During FY2020, agency, transportation cum management fees and utility surcharges received by Jiuzhou Port Company from Ferry Company under the 2019-20 New Marine Tourism Line AM Fee Agreement amounted to RMB1,748,000 (FY2019: RMB4,259,000) and these intra-group transactions were fully eliminated on consolidation of the Group.

During FY2020, agency, transportation cum management fees received by Jiuzhou Passenger Development Company from Ferry Company under the 2019-20 New Marine Tourism Line AM Fee Agreement amounted to RMB443,000 (FY2019: RMB1,082,000).

As the 2021-23 New Marine Tourism Line AM Fee Agreement only commenced on 1 January 2021, during FY2020, agency, transportation cum management fees received by Jiuzhou Port Company from Jiuzhou Blue Sea Jet Investment under 2021-23 New Marine Tourism Line AM Fee Agreement were nil.

Details of the 2019–20 New Marine Tourism Line AM Fee Agreement, the revision of the annual caps for the 2019–20 New Marine Tourism Line AM Fee Agreement, the Proposed Cessation of Operation of the New Marine Tourism Line and the 2021–23 New Marine Tourism Line AM Fee Agreement are set out in the Company's announcements dated 25 February 2019, 28 November 2019, 4 December 2020 and 30 December 2020, respectively.

(9) Property Management Services Agreement

On 29 April 2020, Jiuzhou Port Company, a non wholly-owned subsidiary of the Company, entered into a property management services agreement (the "Property Management Services Agreement") with ZJ Property Management, a wholly-owned subsidiary of ZJ Holdings, pursuant to which ZJ Property Management, as service provider, agreed to provide the security, cleaning, carriage and miscellaneous services to Jiuzhou Port Company at Jiuzhougang Bus Passenger Transport Station*（九洲客運港站場）for the period from 1 May 2020 to 30 April 2023 in return for service fees.

ZJ Property Management is a wholly-owned subsidiary of ZJ Holdings, which is the controlling shareholder of the Company. Accordingly, ZJ Property Management is an associate of ZJ Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Property Management Services Agreement and the transactions contemplated thereunder constitute CCTs of the Company under Chapter 14A of the Listing Rules.

For FY2020, the total service fee under the Property Management Services Agreement amounted to RMB2,612,000, in aggregate.

Details of the Property Management Services Agreement are set out in the Company's announcement dated 29 April 2020.

(10) Subsidy Agreement

Due to the long term development of the Cuihu Xiangshan Project, which is a high-end tourism property development project in Zhuhai, the PRC undertaken by ZJ Property Development Company, parts of the golf course ("Golf Course") owned and operated by ZJ Sports, a non-wholly owned subsidiary of the Company, under the name of the Lakewood Club had to be reconstructed. Moreover, there has been a delay in the construction progress of the Cuihu Xiangshan Project which has brought an impact on the reconstruction of the Golf Course. These have affected the normal operation of the Lakewood Club and the experience of the members of the Lakewood Club in using the Golf Course. As such, ZJ Sports did not charge the members of the Lakewood Club monthly Subscription fees ("Subscription Fees") from 2014 to 2019, and would temporarily charge such members only part of the Subscription Fees starting from 2020 onwards.

On 21 July 2020, ZJ Sports entered into a subsidy agreement ("Subsidy Agreement") with ZJ Property Development Company, pursuant to which ZJ Property Development Company, as subsidy provider, agreed to provide the subsidy ("Subsidy") for loss of Membership Fees Subsidy to ZJ Sports for the period from 1 August 2020 to 31 December 2022 to support ZJ Sports in continuing to operate the Golf Course of the Lakewood Club.

ZJ Property Development Company is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. ZJ Sports is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. Each of ZJ Property Development Company and ZJ Sports is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Therefore, each of payment of the Subsidy and receipt of the Subsidy pursuant to the Subsidy Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For FY2020, the Subsidy under the Subsidy Agreement amounted to RMB7,610,000 and these intra-group transactions were fully eliminated on consolidation of the Group.

Details of the Subsidy Agreement are set out in the Company's announcement dated 21 July 2020.

(11) Fuel Supply Agreements

On 1 January 2020, (i) Jiuzhou Energy Company, a company at that time wholly-owned by Ferry Company and now wholly-owned by Jiuzhou Public Utilities, a connected subsidiary of the Company under the same shareholding structure of the Ferry Company (and therefore was and is a connected subsidiary of the Company under the Listing Rules), as fuel supplier, entered into (A) a refined oil supply agreement with Ferry Company as fuel buyer ("2020 Jiuzhou Energy Company-Ferry Company Diesel Supply Agreement"), (B) a refined oil supply agreement with HT Shipping as fuel buyer ("2020 Jiuzhou Energy Company-HT Shipping Diesel Supply Agreement"), (C) a refined oil supply agreement with Marine Tourism Company as fuel buyer ("2020 Jiuzhou Energy Company-Marine Tourism Company Diesel and Gasoline Supply Agreement") and (D) a refined oil supply agreement with Jiuzhou Cruises as fuel buyer ("2020 Jiuzhou Energy Company-Jiuzhou Cruises Diesel and Gasoline Supply Agreement"), and (ii) Jiuzhou Petro-filling Station, a company at that time wholly-owned by Jiuzhou Energy Company and now wholly-owned by Jiuzhou Public Utilities, a connected subsidiary of the Company under the same shareholding structure of the Ferry Company (and therefore was and is a connected subsidiary of the Company under the Listing Rules), as fuel supplier, entered into the (E) a refined oil supply agreement with Marine Tourism Company as fuel buyer ("2020 Jiuzhou Petro-filling Station-Marine Tourism Company Diesel and Gasoline Supply Agreement"), (F) a refined oil supply agreement with Jiuzhou Cruises as fuel buyer ("2020 Jiuzhou Petro-filling Station-Jiuzhou Cruises Diesel and Gasoline Supply Agreement") and (G) a refined oil supply agreement with Zhuhai Jiuzhou Crew Training Centre Co., Ltd.*（珠海九洲船員培訓中心有限公司）("Jiuzhou Crew Training") as fuel buyer ("2020 Jiuzhou Petro-filling Station-Jiuzhou Crew Training Diesel and Gasoline Supply Agreement", (A) to (G) above together, the "2020 Fuel Supply Agreements"), pursuant to which Jiuzhou Energy Company or Jiuzhou Petro-filling Station (as applicable) agreed to supply diesel and/or gasoline to the respective fuel buyers on an on-going basis from 1 January 2020 to 31 December 2020 (both days inclusive) for the operation of ferries of the fuel buyers.

Reference is made to the announcement of the Company dated 7 December 2018 in connection with, among other things, the internal restructuring of Jiuzhou Energy Company and its subsidiaries (the "December 2018 Announcement"). As disclosed in the December 2018 Announcement, it was expected that an internal restructuring would take place pursuant to which Jiuzhou Energy Company and its subsidiaries (the "Jiuzhou Energy Group") would no longer be held by the Ferry Company but would be held by another company under the same shareholding structure of the Ferry Company, pursuant to which the Group would continue to hold a 49% equity interest in Jiuzhou Energy Group and consolidate Jiuzhou Energy Group as non wholly-owned subsidiaries (the "Internal Restructuring"). The Internal Restructuring was completed on 8 May 2020. Immediately after the completion the Internal Restructuring, each of Jiuzhou Energy Company and Jiuzhou Petro-filling Station became a wholly-owned subsidiary of Jiuzhou Public Utilities, a connected subsidiary of the Company under the same shareholding structure of the Ferry Company and each of Jiuzhou Energy Company and Jiuzhou Petro-filling Station remained as a connected subsidiary of the Company under Chapter 14A of the Listing Rules.

On 12 November 2020, (i) Jiuzhou Energy Company, as fuel supplier, entered into (AA) a refined oil supply agreement with Ferry Company as fuel buyer ("2021 Jiuzhou Energy Company-Ferry Company Diesel Supply Agreement"), (BB) a refined oil supply agreement with HT Shipping as fuel buyer ("2021 Jiuzhou Energy Company-HT Shipping Diesel Supply Agreement"), (CC) a refined oil supply agreement with Marine Tourism Company as fuel buyer ("2021 Jiuzhou Energy Company-Marine Tourism Company Diesel and Gasoline Supply Agreement") and (DD) a refined oil supply agreement with Jiuzhou Cruises as fuel buyer ("2021 Jiuzhou Energy Company-Jiuzhou Cruises Diesel and Gasoline Supply Agreement") and (ii) Jiuzhou Petro-filling Station, as fuel supplier, entered into (EE) a refined oil supply agreement with Ferry Company as fuel buyer ("2021 Jiuzhou Petro-filling Station-Ferry Company Gasoline Supply Agreement"), (FF) a refined oil supply agreement as fuel buyer ("2021 Jiuzhou Petro-filling Station-HT Shipping Gasoline Supply Agreement"), (GG) a refined oil supply agreement with Marine Tourism Company as fuel buyer ("2021 Jiuzhou Petro-filling Station-Marine Tourism Company Diesel and Gasoline Supply Agreement"), (HH) a refined oil supply agreement with Jiuzhou Cruises as fuel buyer ("2021 Jiuzhou Petro-filling Station-Jiuzhou Cruises Diesel and Gasoline Supply Agreement") and (II) a refined oil supply agreement with Jiuzhou Crew Training ("2021 Jiuzhou Petro-filling Station-Jiuzhou Crew Training Diesel and Gasoline Supply Agreement"), pursuant to which Jiuzhou Energy Company or Jiuzhou Petro-filling Station (as applicable) will supply diesel and/or gasoline to the respective fuel buyers on an on-going basis from 1 January 2021 to 31 December 2021 (both days inclusive) for the operation of ferries of the fuel buyers ((AA) to (II) above together, "2021 Fuel Supply Agreements"). The terms and conditions of the 2021 Fuel Supply Agreements were essentially consistent with those under the 2020 Fuel Supply Agreements.

Each of Jiuzhou Energy Company, Jiuzhou Petro-filling Station, Ferry Company, HT Shipping, Marine Tourism Company, Jiuzhou Cruises and Jiuzhou Crew Training is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. The transactions as contemplated under the 2020 Fuel Supply Agreements and 2021 Fuel Supply Agreements thus constitute CCTs for the Company under Chapter 14A of the Listing Rules.

During FY2020, the transaction amounts for the supply of diesel and gasoline by Jiuzhou Energy Company or Jiuzhou Petro-filling Station (as applicable) to the respective fuel buyers were:

	Agreement	Fuel Supplier	Fuel Buyer	Transaction Amounts during FY2020 (RMB)
(A)	2020 Jiuzhou Energy Company-Ferry Company Diesel Supply Agreement	Jiuzhou Energy Company	Ferry Company	15,064,000
(B)	2020 Jiuzhou Energy Company-HT Shipping Diesel Supply Agreement	Jiuzhou Energy Company	HT Shipping	3,151,000
(C)	2020 Jiuzhou Energy Company-Marine Tourism Company Diesel and Gasoline Supply Agreement	Jiuzhou Energy Company	Marine Tourism Company	1,788,000
(D)	2020 Jiuzhou Energy Company-Jiuzhou Cruises Diesel and Gasoline Supply Agreement	Jiuzhou Energy Company	Jiuzhou Cruises Company	–
(E)	2020 Jiuzhou Petro-filling Station-Marine Tourism Company Diesel and Gasoline Supply Agreement	Jiuzhou Petro-filling Station	Marine Tourism Company	286,000
(F)	2020 Jiuzhou Petro-filling Station-Jiuzhou Cruises Diesel and Gasoline Supply Agreement	Jiuzhou Petro-filling Station	Jiuzhou Cruises Company	27,000
(G)	2020 Jiuzhou Petro-filling Station-Jiuzhou Crew Training Diesel and Gasoline Supply Agreement	Jiuzhou Petro-filling Station	Jiuzhou Crew Training	16,000
	Total			20,332,000

As the 2021 Fuel Supply Agreements only commenced on 1 January 2021, during FY2020, the transaction amounts for the supply of diesel and gasoline by Jiuzhou Energy Company or Jiuzhou Petro-filling Station (as applicable) to the respective fuel buyers under the 2021 Fuel Supply Agreements were nil.

Details of the 2020 Fuel Supply Agreements and 2021 Fuel Supply Agreements are set out in the Company's announcements dated 8 May 2020 and 12 November 2020.

(12) Property Services Agreements

On 29 July 2020, ZJ Property Development Company, a non wholly-owned subsidiary of the Company, entered into (A) a property services agreement ("Lot 2 (French-Style Houses) Exhibition Hall Property Services Agreement") and (B) a property services agreement ("Lot 4 Exhibition Hall Property Services Agreement", (A) to (B) above together, the "2020 Property Services Agreements") with ZJ Property Management, a wholly-owned subsidiary of ZJ Holdings, pursuant to which ZJ Property Management, as service provider, agreed to provide the security, cleaning and sale reception and management services ("Property Services") to ZJ Property Development Company, as service recipient, in Cuihu Xiangshan International Garden Land Lot 2 (French-Style Houses) Exhibition Hall* (翠湖香山國際花園地塊二(法式)展示區案場) and Cuihu Xiangshan International Garden Land Lot 4 Exhibition Hall* (翠湖香山國際花園地塊四展示區案場), where ZJ Property Development Company engaged in the sale of the properties that are being developed at the aforesaid land lots, for the period from 1 August 2020 to 31 July 2021 in return for the service fees.

On 1 December 2020, ZJ Property Development Company entered into (C) a property services agreement ("Lot 1 Exhibition Hall Property Services Agreement") and (D) a property services agreement ("Lot 2 (Chinese-Style Houses) Exhibition Hall Property Services Agreement", (C) to (D) above together, the "2021 Property Services Agreements") with ZJ Property Management, pursuant to which ZJ Property Management Company, as service provider, agreed to provide the Property Services to ZJ Property Development, as service recipient, in Cuihu Xiangshan International Garden Land Lot 1 Exhibition Hall* (翠湖香山國際花園地塊一展示區案場) and Cuihu Xiangshan International Garden Land Lot 2 (Chinese-Style Houses) Exhibition Hall* (翠湖香山國際花園地塊二(中式)展示區案場), where ZJ Property Development Company engaged in the sale of the properties that are being developed at the aforesaid land lots, for the period from 1 January 2021 to 31 December 2021 in return for the service fees.

ZJ Property Management is a wholly-owned subsidiary of ZJ Holdings, which is the controlling shareholder of the Company. Accordingly, ZJ Property Management is an associate of ZJ Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. ZJ Property Development Company is a non wholly-owned subsidiary of the Company owned as to 60% by the Company through its wholly-owned subsidiary and 40% by a wholly-owned subsidiary of ZJ Holdings. Therefore, the transactions contemplated under the 2020 Property Services Agreements and 2021 Property Services Agreements constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

During FY2020, the service fees payable by ZJ Property Development to ZJ Property Management for the Property Services were:

	Agreement	Services Fees Payable during FY2020 (RMB)
(A)	Lot 2 (French-Style Houses) Exhibition Hall Property Services Agreement	679,000
(B)	Lot 4 Exhibition Hall Property Services Agreement	1,478,000
	Total	2,157,000

As the 2021 Property Services Agreements only commenced on 1 January 2021, during FY2020, the service fees payable by ZJ Property Development Company to ZJ Property Management for the Property Services under the 2021 Property Services Agreements were nil.

Details of the 2020 Property Services Agreements and 2021 Property Services Agreements are set out in the Company's announcements dated 29 July 2020 and 1 December 2020.

The independent non-executive directors of the Company have reviewed the CCTs set out above and have confirmed that these CCTs were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PricewaterhouseCoopers, the Company's auditors, were engaged to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers have issued their unqualified letter containing their findings and conclusions in respect of the CCTs disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above CCTs.

Other related party transactions disclosed in notes 43(a), (b) and (c) to the consolidated financial statements also constitute connected transactions entered into or continued by the Group during FY2020 and are regarded as an "exempted transaction" and a "de minimis transaction", respectively, pursuant to the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITORS

The financial statements has been audited by PricewaterhouseCoopers who will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the 2020 annual general meeting of the Company.

ON BEHALF OF THE BOARD

Zeng Jianping
Chairman

Hong Kong, 29 March 2021

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the annual report for FY2020 of the Company and its subsidiaries (the "Group").

The manner in which the principles and code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") are applied and implemented is explained as follows:

CORPORATE GOVERNANCE PRACTICES

The Group strives to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Group's corporate governance principles emphasise the importance of a quality Board, effective risk management and internal controls together with accountability to shareholders.

The Company recognises the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 of the Listing Rules which set out the principles of good corporate governance and two levels of corporate governance practices, as follows:

(a) code provisions, which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices for guidance only, which listed issuers are encouraged to comply with or to give considered reasons for deviation.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Throughout FY2020, the Company has complied with the code provisions as set out in the CG Code in all other respects except that under code provision A.4.1 which requires non-executive directors of the Company should be appointed for a specific term subject to re-election — the Company's directors including non-executive directors and independent non-executive directors, were not appointed for a fixed term of office. The reason for the deviation was that all those directors are subject to retirement by rotation and re-election at least once every three years in accordance with the Company's bye-laws and accordingly, every director shall retire and his appointment being terminated if he is not so re-elected once every three years.

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during FY2020.

The Company will review periodically and improve its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

BOARD OF DIRECTORS

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance as well as performing the functions set out in the code provision D.3.1 of the CG Code.

The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

The overall management of Company's business is vested in the Board, which assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

All directors shall ensure that they carry out duties in good faith, in compliance with the standards of applicable laws and regulations, and act in the interests of the Company and its shareholders at all times.

Board Composition

Up to the date of publication of this report, the Board currently comprises 9 members, consisting of 4 executive directors, 1 non-executive director and 4 independent non-executive directors.

The Board of the Company comprises the following directors:

Executive Directors:
Mr. Zeng Jianping (appointed as the *Chairman* on 29 June 2020)
Mr. Huang Xin (retired on 29 June 2020)
Mr. Jin Tao (*Chief Executive Officer*)
Mr. Ye Yuhong
Mr. Li Wenjun

Non-Executive Directors:

Datuk Wira Lim Hock Guan (resigned on 29 May 2020)
Mr. Kwok Hoi Hing (resigned on 29 May 2020)
Mr. Zou Chaoyong

Independent Non-Executive Directors:

Mr. Hui Chiu Chung
Mr. Chu Yu Lin, David
Mr. Albert Ho
Mr. Wang Yijiang

Alternate Directors:

Mr. Lim Seng Lee
(ceased to act as alternate to Datuk Wira Lim Hock Guan on 29 May 2020)
Mr. Zhu Minming
(ceased to act as alternate to Mr. Kwok Hoi Hing on 29 May 2020)

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

None of the member of the Board is related to one another and the biographical information of the directors are disclosed under "Directors and Senior Management" on pages 46 to 57.

Independent Non-Executive Directors

During FY2020, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules.

All directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors are invited to serve on the Audit, Nomination and Remuneration Committees of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals and have been clearly defined in writing.

The Chairman of the Board is Mr. Zeng Jianping, and the Chief Executive Officer is Mr. Jin Tao. Mr. Huang Xin has retired as executive director, and Mr. Zeng Jianping was appointed as the Chairman with effect from 29 June 2020. The positions of Chairman and Chief Executive Officer are held by separate persons in order to preserve independence and a balanced judgement of views.

With the support of the Company Secretary and the senior management, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

Appointment/Re-election and Removal of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term and subject to re-election. The Company has deviated from this provision in that the Company's directors including independent non-executive directors are not appointed for a specific term.

Although the directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years and re-election at the annual general meeting and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to code provision A.4.2 of the CG Code and the Company's bye-laws.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's bye-laws. The Board has delegated the power to the Nomination Committee to select and recommend candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The responsibilities of Nomination Committee are set out in the heading "Nomination Committee" below.

NOMINATION COMMITTEE

The Board has established a Nomination Committee for the Company. The Nomination Committee, up to the date of this report, comprises 6 members, namely Mr. Zeng Jianping (Chairman), Mr. Ye Yuhong, Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang, the majority of them are independent non-executive directors.

The primary objectives of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

- To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

- To assess the independence of the independent non-executive directors.

- To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive.

The Nomination Committee held three meeting during FY2020 and the attendance records are set out below:

Name of directors	Attendance/ Number of Meetings
EXECUTIVE DIRECTORS:	
Mr. Zeng Jianping (appointed as the *Chairman* on 29 June 2020)	N/A
Mr. Huang Xin (retired on 29 June 2020)	0/3
Mr. Ye Yuhong	3/3
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung	3/3
Mr. Chu Yu Lin, David	3/3
Mr. Albert Ho	3/3
Mr. Wang Yijiang	3/3

The following is a summary of the work performed by the Nomination Committee during FY2020:

(a) reviewing and evaluating the composition of the Board with reference to certain criteria. These criteria included qualifications required under the Listing Rules or any other relevant laws regarding characteristics and skills of the directors, professional ethics and integrity, appropriate professional knowledge and industry experience, as well as ability to devote sufficient time to the work of the Board and its committees and to participate in all Board meetings and shareholders' meetings;

(b) reviewing and recommending the re-appointment of the retiring Directors; and

(c) assessing independence of the independent non-executive Directors.

In accordance with the Company's bye-laws, the Company's directors, Mr. Li Wenjun, Mr. Jin Tao and Mr. Zou Chaoyong, shall retire at the forthcoming annual general meeting. All of the above retiring directors, being eligibles, will offer themselves for re-election at the forthcoming annual general meeting pursuant to the Company's bye-laws.

The Company will issue a circular containing detailed information of the retiring directors standing for re-election at the forthcoming annual general meeting.

The Nomination Committee has adopted the revised board diversity policy and will review annually the structure, size and composition of the Board and where appropriate make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. In relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth is maintained.

TRAINING INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The directors of the Company are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development as well as reading material on relevant topics to directors will be arranged and issued whenever necessary.

All directors of the Company confirmed that they have complied with the code provision A.6.5 of the CG Code on directors' training. During the reporting year, all directors have participated in continuous professional development by attending seminars/in-house briefing and reading materials on the following topics to develop and refresh their knowledge and skills and provided their records of training to the Company as follows:

Name of directors	**Topics of training covered** (Notes)
EXECUTIVE DIRECTORS:	
Mr. Zeng Jianping (appointed as the *Chairman* on 29 June 2020)	
Mr. Huang Xin (retired on 29 June 2020)	1,2,3
Mr. Jin Tao	1,2,3
Mr. Ye Yuhong	1,2,3
Mr. Li Wenjun	1,2,3
NON-EXECUTIVE DIRECTORS:	
Datuk Wira Lim Hock Guan (resigned on 29 May 2020)	1,2,3
Mr. Kwok Hoi Hing (resigned on 29 May 2020)	1,2,3
Mr. Zou Chaoyong	1,2,3
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung	1,2,3
Mr. Chu Yu Lin, David	1,2,3
Mr. Albert Ho	1,2,3
Mr. Wang Yijiang	1,2,3
ALTERNATE DIRECTORS:	
Mr. Lim Seng Lee (ceased to act as alternate to Datuk Wira Lim Hock Guan on 29 May 2020)	1,2,3
Mr. Zhu Minming (ceased to act as alternate to Mr. Kwok Hoi Hing on 29 May 2020)	1,2,3

Notes:

1 Corporate governance

2 Regulatory updates

3 Industry updates

BOARD MEETINGS

Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to all directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management where necessary.

The senior management, Chief Executive Officer and Company Secretary attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and final version is open for directors' inspection.

The Company's bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

Number of Board Meetings and Directors' Attendance Records

During FY2020, save for executive Board meetings held between executive directors during the normal course of business of the Company, four regular Board meetings and one special Board meeting were held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each director at the Board meetings and general meetings of the Company during FY2020 are set out below:

Name of directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
EXECUTIVE DIRECTORS:		
Mr. Zeng Jianping (appointed as the *Chairman* on 29 June 2020)	3/3	1/1
Mr. Huang Xin (retired on 29 June 2020)	0/1	0/1
Mr. Jin Tao	3/4	1/1
Mr. Ye Yuhong	2/4	1/1
Mr. Li Wenjun	4/4	1/1
NON-EXECUTIVE DIRECTORS:		
Datuk Wira Lim Hock Guan (Mr. Lim Seng Lee as his alternate) (resigned on 29 May 2020)	1/1	N/A
Mr. Kwok Hoi Hing (Mr. Zhu Minming, as his alternate) (resigned on 29 May 2020)	1/1	N/A
Mr. Zou Chaoyong	3/4	0/1
INDEPENDENT NON-EXECUTIVE DIRECTORS:		
Mr. Hui Chiu Chung	4/4	1/1
Mr. Chu Yu Lin, David	4/4	1/1
Mr. Albert Ho	4/4	1/1
Mr. Wang Yijiang	4/4	1/1

Included a meeting among the Chairman and the independent non-executive directors held during FY2020.

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive directors without the presence of other directors during FY2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout FY2020.

The Company has also adopted written guidelines (the "Securities Dealing Code") on no less exacting terms than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company during FY2020.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision on all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Board has delegated a schedule of responsibilities to the senior management of the Company. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems.

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders of the Company upon request.

The Board also has the full support of the Chief Executive Officer and the senior management to discharge their responsibilities.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration and senior management of the Group. Details of the remuneration of each of the directors of the Company for FY2020 are set out in note 9(a) to the consolidated financial statements.

The remuneration paid to the senior management (excluding the directors) during FY2020 were within the following bands:

Bands	**Number of senior management 2020**	Number of senior management 2019
Nil to HKD1,000,000	**6**	6
HKD1,000,001 to HKD1,500,000	**1**	1
	7	7

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive directors namely, Mr. Hui Chiu Chung (Chairman), Mr. Chu Yu Lin, David and Mr. Albert Ho.

The primary objectives of the Remuneration Committee include the following:

- To make recommendations on the establishment of procedures for developing the remuneration policy and structure of the executive directors and the senior management, such policy shall ensure that no director or any of his/her associates will participate in deciding his/her own remuneration;

- To make recommendations on the remuneration packages of the executive directors and the senior management;

- To review and approve the remuneration packages of the executive directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions; and

- To review and approve the compensation arrangements for the executive directors and the senior management.

The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the chairman and/or the chief executive officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee held two meetings during FY2020 and the attendance records are set out below:

Name of directors	Attendance/ Number of Meetings
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Hui Chiu Chung *(Chairman)*	2/2
Mr. Chu Yu Lin, David	2/2
Mr. Albert Ho	2/2

The following is a summary of work performed by the Remuneration Committee during FY2020:

(a) reviewing and recommending the policy and structure of the remuneration of the directors and senior officers of the Group to the Board;

(b) assessing individual performance of the directors and senior officers of the Group; and

(c) reviewing specific remuneration packages of the directors and senior officers of the Group with reference to the Board's corporate goals and objectives as well as individual performances.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for FY2020. The directors are also responsible for overseeing the preparation of consolidated financial statements of the Company with a view to ensuring that such consolidated financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory requirements and applicable accounting standards are complied with. In such connection, the Board received from the senior management the management accounts, explanation and relevant information which enable the Board to make an informed assessment for approving the consolidated financial statements for FY2020.

As at the date of this report, the directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

There is no different view taken by the Audit Committee from that of the Board regarding selection, appointment, resignation or dismissal of the external auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility of the Board

The Board acknowledges its responsibility to establish, maintain, and review the effectiveness of the Group's risk management and internal control systems, where management is responsible for the design and implementation of the risk management and internal control systems to manage the risk.

A sound and effective system of risk management and internal control system are designed to achieve the Group's strategic objectives and safeguard shareholder investments and Company assets. Such systems are designed to manage rather than eliminate the risk of failure to achieve strategic objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management and Internal Control Framework

Management is responsible for setting the appropriate tone from the top, performing risk assessment, and owning the design, implementation and maintenance of internal control. Essential to this risk management and internal control systems are well defined policies and procedures that are properly documented and communicated to employees.

The operational manual forms the basis of all the Company's major guidelines and procedures and sets forth the control standards required for functioning of the Company's business entities. The policies address legal, regulatory, and operational topics, including occupational healthy and safety, cost control management, delegation of authority, contract management, etc.

Our risk management and internal control framework is founded with the following key components:

Key Parties	Roles and Responsibilities
The Board	• Has the overall responsibility for the Group's risk management and internal control systems • Oversees the actions of management and monitors the overall effectiveness of the risk management system and internal audit function on an ongoing basis • Sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly
Audit Committee	• Supports the Board in monitoring risk exposure and reviewing the adequacy and effectiveness of the Group's risk management and internal control systems
Internal Audit	• Supports and reports directly to the Audit Committee in reviewing the effectiveness of the risk management and internal control systems
Senior Management	• Assess enterprise-wide risks and develop mitigating measures • Designs, implements and monitors the risk management and internal control systems
Operation Management	• Implements and monitors the risk management and internal control procedures across business operations and functional areas

RISK MANAGEMENT AND ENTERPRISE-WIDE RISK ASSESSMENT

A risk management manual has been established to provide a framework for the identification, analysis, evaluation, treatment, monitoring, reporting and managing of key and significant risks at all levels across the Group to support the achievement of the organisation's overall strategic objectives.

During the year, an annual enterprise-wide risk assessment has been performed to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. During the risk assessment process, the Group has identified a number of key and significant risks that may impact the Group's strategic objectives and to respond to the changes in the business and external environment. These risks are prioritised according to the likelihood of their occurrence and the significance of their impact on the business of the Group. Moreover, remedial actions or mitigation control measures are developed to manage these risks to an acceptable level.

INTERNAL AUDIT

The Internal Audit Department is led by the Head of Internal Audit, who reports directly to the Audit Committee of the Company. The Internal Audit Department is primarily responsible for conducting reviews on operational, financial and compliance controls of the operating entities to ensure their compliance with the Group's risk management and internal control policies and procedures.

Internal Audit Department is independent from operation management and have full access to data required in performing internal audit reviews. Audits are conducted according to the multiple year internal audit plan ("Internal Audit Plan") approved by the Audit Committee. This Internal Audit Plan is developed by adopting a risk-based approach for every three years and reviewed annually. Ad-hoc internal audit assignments are performed on request by senior management or Audit Committee.

During the process of the internal audits, the Internal Audit Department identified internal control deficiencies and weakness, proposed recommendations for improvements, and followed up the status of the agreed remedial actions with management and process owners.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such systems on an annual basis.

During FY2020, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate in all material respects. In addition, the Board has reviewed and is satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

PROCEDURES AND CONTROLS OVER HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company is aware of its obligation under relevant sections of the Securities and Futures Ordinance and Listing Rules. An inside information handling procedure has been established to lay down practical guidelines on identification, reporting and disclosure of inside information. All members of the Board, senior management, executives, head of departments, and staff who are likely to possess inside information are bound by this policy and the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules.

Also, staff who have access to these inside information is required to sign a written confidentiality agreement with the Company and keep the unpublished inside information strictly confidential.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors namely, Mr. Albert Ho (Chairman), Mr. Hui Chiu Chung and Mr. Chu Yu Lin, David (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the consolidated financial statements and reports and consider any significant or unusual items raised by the qualified accountant, internal auditor or external auditors before submission to the Board;

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and

- To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures.

The Audit Committee provides supervision on the risk management and internal control systems of the Group and reports to the Board on any material issues and makes recommendations to the Board.

During FY2020, the Audit Committee has reviewed the Group's unaudited interim financial report for the six months ended 30 June 2020, annual results and annual report for FY2019, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management review and process as well as its effectiveness, connected transactions and the re-appointment of the external auditors.

The Audit Committee also met the external auditors twice during FY2020.

The Audit Committee held two meetings during FY2020 and the attendance records are set out below:

Name of directors	Attendance/ Number of Meetings
INDEPENDENT NON-EXECUTIVE DIRECTORS:	
Mr. Albert Ho *(Chairman)*	2/2
Mr. Hui Chiu Chung	2/2
Mr. Chu Yu Lin, David	2/2

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 137 to 144.

During FY2020, the remuneration paid to the Company's auditors, PricewaterhouseCoopers, is set out below:

Category of services	Fees paid/Payable (HK$'000)
Audit service	2,246
Non-audit services	
• Interim review	707
• Taxation service	87
• Continuing connected transactions report	47
• Others	1,175
Total	4,262

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD DIVERSITY POLICY

1. Purpose

This Board Diversity Policy (the "Policy") aims to set out the Company's approach on the diversity of the board of directors (the "Board") of the Company.

2. Scope

This Policy applies to the Board of the Company. It does not apply to diversity in relation to the employees of the Company, nor the Board and the employees of any subsidiary of the Company.

3. Policy Statement

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Company believes that greater diversity of directors is good for corporate governance and is committed:

- To attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talent.
- To maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company's strategy and objectives.
- To assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any.
- To ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered.
- To set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions
- To ensure that changes to the Board's composition can be managed without undue disruption.

4. Implementation

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.

In reviewing and assessing the Board composition and the nomination of directors (as applicable), Board diversity has to be considered from a number of aspects, including but not limited to the following:

- Gender
- Age
- Cultural and educational background
- Professional qualifications
- Skills, knowledge and industry and regional experience

5. Measurable Objectives

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board.

The Board may adopt and/or amend from time to time (as applicable) such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning, as applicable.

DIRECTOR NOMINATION POLICY

1. Purpose

This Director Nomination Policy (the "Policy") aims to:

- set out the criteria and process in the nomination and appointment of directors of the Company;
- ensure that the board of directors (the "Board") of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and
- ensure the Board continuity and appropriate leadership at Board level.

2. Scope

This Policy applies to the directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

3. Responsibilities

The Board has delegated its responsibilities and authority for selection and appointment of directors of the Company to the Nomination Committee of the Company.

Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for selection and appointment of directors of the Company rests with the entire Board.

4. Nomination And Appointment Of Directors

4.1 Criteria

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

4.2 Nomination Process

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) *Re-election of Director at General Meeting*

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/ or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

DIVIDEND POLICY

1. Purpose

This Dividend Policy (the "Policy") aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

2. Principles And Guidelines

2.1 The board of directors (the "Board") of the Company adopt the policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

2.2 The Company do not have any pre-determined dividend payout ratio.

2.3 The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Bye-Laws of the Company and all applicable laws and regulations and the factors set out below.

2.4 The Board shall also take into account the following factors of the Company and its subsidiaries (collectively, the "Group") when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

2.5 Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

2.6 Any final dividend for a financial year will be subject to shareholders' approval.

2.7 The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

2.8 Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Bye-Laws.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with its shareholders is essential for enhancing investor relations and investors' understanding on the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decisions.

The general meetings of the Company provide an important channel for exchange of views between the Board and the shareholders of the Company. The chairman of the Board as well as chairman of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

During FY2020, the Company has not made any change to its memorandum of association and bye-laws of the Company. A consolidated version of the Company's memorandum of association and bye-laws is available on the Company's website and the Stock Exchange's website respectively.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company maintains a website at www.0908.hk, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company at its principal place of business in Hong Kong or via email to ir0908hk@zhjzgroup.com for any inquiries.

The 2021 Annual General Meeting ("AGM") will be held on Tuesday, 29 June 2021. The notice of AGM will be sent to shareholders of the Company at least 20 clear business days before the AGM.

COMPANY SECRETARY

Mr. Kwok Tung Fai resigned as the financial controller and company secretary of the Company on 1 March 2021.

Mr. Chan Chit Ming, Joeie, was appointed as the financial controller and the company secretary of the Company on 1 March 2021 and up to the date of this report. Please refer to the section headed "Directors and Senior Management" for his biography. During FY2020, Mr. Chan has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The Company should arrange for the notice to be sent to its shareholders at least 20 clear business days before an annual general meeting and at least 10 clear business days before all other general meeting according to the CG Code.

The chairman of a shareholders' meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

All resolutions (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) put forward at shareholders' meetings must be taken by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after the shareholders' meetings respectively.

The directors may, whenever they think fit, convene a special general meeting other than annual general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act 1981 of Bermuda, and, in default, may be convened by the requisitionists according to the Company's bye-laws.

A. Convening of Special General Meeting on Requisition and Putting Forward Proposals at General Meetings

Shareholders holding not less than one-tenth of the paid-up share capital of the Company which carries the right of voting at general meetings of the Company have the right to requisite the directors to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionist and deposited at the registered office of the Company.

If the directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a general meeting, the requisitionist, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting of the Company.

B. Enquiries from Shareholders

The Company's website (www.0908.hk) provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company.

羅兵咸永道

To the Shareholders of Zhuhai Holdings Investment Group Limited
(Incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 145 to 262, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows:

- Estimation of development costs directly attributable to property development activities
- Estimation of fair value of leasehold buildings

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of development costs directly attributable to property development activities Refer to Note 4(f) (Critical accounting estimates and assumptions) and Note 7 (Expenses by nature) to the consolidated financial statements. The Group recognised cost of properties sold of RMB1,680,410,000 for the year ended 31 December 2020. As at 31 December 2020, properties under development and properties held for sale were amounted to RMB5,495,260,000 and RMB1,008,647,000 respectively. Based on industry experience and other available information, management makes estimates on development costs directly attributable to property development activities.	Our audit procedures in relation to management's estimation of development costs directly attributable to property development activities included: • Obtaining an understanding of the management's internal control and estimation process on property development costs and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity and complexity and changes and susceptibility to management bias or fraud; • Testing the operating effectiveness of controls including: (a) the approval of budgets for property development costs; and (b) the regular review meetings where management review actual property development costs against detailed budgets. • Examining construction contracts signed and invoices for development costs incurred on a sample basis. • Examining independent supervision report in relation to construction progress on a sample basis.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on auditing the estimation of development costs directly attributable to property development activities because the estimation of development costs directly attributable to property development activities is subject to high degree of estimation uncertainty. The inherent risk of this estimation is considered significant due to significant judgements involved in identifying the costs directly attributable to property development activities.	• Circularisation of independent confirmations to construction contractors on a sample basis in confirming the payable balances as at 31 December 2020 and reconciled the confirmed amounts with those recorded by the Group. • Testing transactions after year-end to search for unrecorded liabilities, if any, on a sample basis. We found the management's estimation on development costs directly attributable to property development activities were supported by the available evidence.
Estimation of fair value of leasehold buildings. Refer to Note 4(b) (Critical accounting estimates and assumptions) and Note 14(a) (Property, plant and equipment) to the consolidated financial statements. Management chose to apply the revaluation model for the Group's leasehold buildings. The leasehold buildings are stated at fair value. Management has estimated the fair value of the Group's leasehold buildings to be RMB929,920,000 as at 31 December 2020, with a revaluation loss of RMB12,205,000 and RMB1,859,000 for the year recorded in the consolidated statement of comprehensive income and consolidated statement of profit or loss respectively. Independent external valuations were obtained for all the leasehold buildings in order to support management's estimates.	Our audit procedures in relation to management's estimation of fair value of leasehold buildings included: • Evaluating the independent external valuers' competence, capabilities and objectivity; • Obtaining an understanding of the management's estimation process on estimation of fair value of leasehold buildings and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity and susceptibility to management bias or fraud; • Assessing the methodologies used and the appropriateness of the key assumptions, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs, by making reference to market data of comparable properties and engaging our internal valuation experts; and

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair values of leasehold buildings are derived using valuation techniques including the income approach, cost approach and market approach. The valuations are dependent on certain key assumptions that require significant management judgement, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs. We focused on auditing the valuation of leasehold buildings because the estimation of fair value of leasehold buildings is subject to high degree of estimation uncertainty. The inherent risk in relation to the valuation of leasehold buildings is considered significant due to subjectivity of significant assumptions used and significant judgements involved in selecting unobservable input used in assessing the fair value.	• Performing testing over the source data provided by the Group to the independent external valuers, on a sample basis, to satisfy ourselves of the accuracy and reasonableness of the property information used by the valuers. We assessed adequacy of the disclosures related to the fair values of leasehold buildings in the context of the applicable financial reporting framework. We found the key assumptions, including discount rates, estimated rental value, occupancy rates, market comparable sales evidence and construction costs, were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Chiu Yin, Ivan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	5	**9,862,623**	11,812,280
Cost of sales	7	**(8,553,472)**	(10,568,230)
Gross profit		**1,309,151**	1,244,050
Other income and gains, net	6	**102,750**	88,060
Selling and distribution expenses	7	**(91,693)**	(135,813)
Administrative expenses	7	**(237,883)**	(230,299)
Other expenses	7	**(2,892)**	(2,107)
Net impairment losses on financial assets		**(59,794)**	(5,005)
Finance expenses	10	**(40,152)**	(23,763)
Share of profits/(loss) of:			
Joint ventures	20	**2,733**	(2,105)
Associates	21	**(7,662)**	3,449
Profit before tax		**974,558**	936,467
Income tax expense	11	**(735,796)**	(656,139)
Profit for the year		**238,762**	280,328
Profit attributable to:			
Owners of the Company		**44,353**	81,069
Non-controlling interests		**194,409**	199,259
		238,762	280,328
Earnings per share attributable to owners of the Company for the year	12		
Basic earnings per share		**RMB3.11 cents**	RMB5.68 cents
Diluted earnings per share		**RMB3.11 cents**	RMB5.68 cents

The notes on pages 152 to 262 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**238,762**	280,328
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**70,481**	(22,601)
	70,481	(22,601)
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit obligations	**7,249**	(9,356)
(Loss)/gain on property revaluation	**(9,154)**	4,906
Fair value loss on financial assets at fair value through other comprehensive income	**(1,333)**	(440)
	(3,238)	(4,890)
Other comprehensive income/(loss) for the year, net of tax	**67,243**	(27,491)
Total comprehensive income for the year	**306,005**	252,837
Attributable to:		
Owners of the Company	**110,037**	54,288
Non-controlling interests	**195,968**	198,549
	306,005	252,837

The notes on pages 152 to 262 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment	14(a)	**1,516,052**	1,463,042
Right-of-use assets	14(b)	**339,700**	385,888
Investment properties	15	**37,900**	32,360
Properties under development	16	**2,169,029**	2,087,070
Intangible asset	18	**3,865**	3,865
Interests in joint ventures	20	**82,641**	85,010
Interests in associates	21	**46,012**	45,387
Loan to an associate	43	**9,039**	15,000
Financial assets at fair value through other comprehensive income	22	**6,396**	8,152
Prepayments and deposits	23(a)	**23,179**	25,251
Contract assets	41	**342,739**	182,056
Restricted bank balances	28	**–**	8,971
Due from a shareholder	43	**4,668**	–
Deferred tax assets	34	**75,954**	78,166
Total non-current assets		**4,657,174**	4,420,218
Current assets			
Properties under development	16	**3,326,231**	3,367,630
Completed properties held-for-sale	17	**1,008,647**	786,643
Securities measured at fair value through profit or loss	24	**240**	287
Inventories	25	**14,086**	19,950
Trade receivables	26	**528,890**	510,272
Prepayments, deposits and other receivables	23(b)	**979,331**	902,064
Factoring receivables	27	**327,933**	581,780
Prepaid tax		**545,692**	417,227
Due from related companies	43	**18,343**	19,519
Due from a shareholder	43	**2,334**	–
Restricted bank balances	28	**686,352**	923,718
Time deposits	28	**–**	5,000
Cash and cash equivalents	28	**1,705,916**	1,452,837
Total current assets		**9,143,995**	8,986,927
Total assets		**13,801,169**	13,407,145
Current liabilities			
Trade and bill payables	30	**714,238**	597,515
Deferred income, accrued liabilities and other payables	31	**604,325**	373,642
Contract liabilities	31	**2,298,311**	2,365,642
Construction payables	32	**1,096,766**	1,014,192
Interest-bearing bank borrowings	33	**1,910,514**	1,257,290
Lease liabilities	14(b)	**3,900**	14,015
Tax payable		**1,453,443**	1,063,618
Due to a shareholder	43	**10,255**	8,598
Due to related companies	43	**35,662**	34,899
Total current liabilities		**8,127,414**	6,729,411

	Note	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Non-current liabilities			
Interest-bearing bank borrowings	33	**892,808**	2,168,931
Lease liabilities	14(b)	**5,538**	14,009
Contract liabilities	31	**200,042**	203,342
Deferred tax liabilities	34	**602,414**	617,767
Defined benefit obligations	35	**131,887**	135,726
Total non-current liabilities		**1,832,689**	3,139,775
Total liabilities		**9,960,103**	9,869,186
Equity			
Equity attributable to owners of the Company			
Share capital	36	**142,874**	142,874
Reserves	37	**1,941,667**	1,831,630
		2,084,541	1,974,504
Non-controlling interests		**1,756,525**	1,563,455
Total equity		**3,841,066**	3,537,959
Total equity and liabilities		**13,801,169**	13,407,145

The notes on pages 152 to 262 are an integral part of these consolidated financial statements.

The financial statements on pages 145 to 262 were approved by the Board of Directors on 29 March 2021 and were signed on its behalf.

Zeng Jianping
Director

Jin Tao
Director

	Capital and reserves attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Other reserve RMB'000	Asset revaluation reserve RMB'000	Financial assets at fair value through other comprehensive income revaluation reserve RMB'000	Statutory reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	142,874	851,806	477,600	(45,257)	(214,613)	83,680	1,221	337,098	(219,740)	559,835	1,974,504	1,563,455	3,537,959
Profit for the year	–	–	–	–	–	–	–	–	–	44,353	44,353	194,409	238,762
Other comprehensive income/(loss) for the year													
Remeasurements of defined benefit obligations	–	–	–	–	–	–	–	–	–	5,702	5,702	1,547	7,249
(Loss)/gain on property revaluation	–	–	–	–	–	(9,187)	–	–	–	–	(9,187)	33	(9,154)
Fair value loss on financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(1,333)	–	–	–	(1,333)	–	(1,333)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	70,502	–	70,502	(21)	70,481
Total other comprehensive (loss)/income	–	–	–	–	–	(9,187)	(1,333)	–	70,502	5,702	65,684	1,559	67,243
Total comprehensive (loss)/income	–	–	–	–	–	(9,187)	(1,333)	–	70,502	50,055	110,037	195,968	306,005
Derecognition of non-controlling interests upon deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(2,898)	(2,898)
Appropriation to statutory reserve	–	–	–	–	–	–	–	2,931	–	(2,931)	–	–	–
Total transactions with equity holders, recognised directly in equity	–	–	–	–	–	–	–	2,931	–	(2,931)	–	(2,898)	(2,898)
At 31 December 2020	142,874	851,806	477,600	(45,257)	(214,613)	74,493	(112)	340,029	(149,238)	606,959	2,084,541	1,756,525	3,841,066

The notes on pages 152 to 262 are an integral part of these consolidated financial statements.

	Capital and reserves attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Other reserve RMB'000	Asset revaluation reserve RMB'000	Financial assets at fair value through other comprehensive income revaluation reserve RMB'000	Statutory reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019	142,874	851,806	477,600	(45,257)	(214,613)	78,774	1,661	327,149	(197,132)	522,484	1,945,346	1,371,356	3,316,702
Profit for the year	–	–	–	–	–	–	–	–	–	81,069	81,069	199,259	280,328
Other comprehensive (loss)/income for the year													
Remeasurements of defined benefit obligations	–	–	–	–	–	–	–	–	–	(8,639)	(8,639)	(717)	(9,356)
Gain on property revaluation	–	–	–	–	–	4,906	–	–	–	–	4,906	–	4,906
Fair value loss on financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(440)	–	–	–	(440)	–	(440)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	(22,608)	–	(22,608)	7	(22,601)
Total other comprehensive (loss)/income	–	–	–	–	–	4,906	(440)	–	(22,608)	(8,639)	(26,781)	(710)	(27,491)
Total comprehensive income/(loss)	–	–	–	–	–	4,906	(440)	–	(22,608)	72,430	54,288	198,549	252,837
Derecognition of non-controlling interests upon deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(1,430)	(1,430)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(5,020)	(5,020)
2018 final dividend paid	–	–	–	–	–	–	–	–	–	(25,130)	(25,130)	–	(25,130)
Appropriation to statutory reserve	–	–	–	–	–	–	–	9,949	–	(9,949)	–	–	–
Total transactions with equity holders, recognised directly in equity	–	–	–	–	–	–	–	9,949	–	(35,079)	(25,130)	(6,450)	(31,580)
At 31 December 2019	142,874	851,806	477,600	(45,257)	(214,613)	83,680	1,221	337,098	(219,740)	559,835	1,974,504	1,563,455	3,537,959

The notes on pages 152 to 262 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash generated from operations	39	**1,440,249**	812,546
Income taxes paid		**(484,497)**	(413,247)
Net cash flows generated from operating activities		**955,752**	399,299
Cash flows from investing activities			
Interest received		**36,714**	27,893
Purchases of property, plant and equipment		**(129,696)**	(328,734)
Capital contribution to an associate		**(8,287)**	(7,000)
Dividends received from joint ventures		**–**	5,497
Loan to an associate		**–**	(15,000)
Proceeds from disposal of securities measured at fair value through profit or loss		**–**	237
Proceeds from disposal of property, plant and equipment		**10,342**	9,061
Proceeds from disposal of right to use port facilities		**11,025**	–
Decrease/(increase) in restricted bank balances		**1,335**	(331)
Decrease/(increase) in time deposits		**5,000**	(5,000)
Net cash flows used in investing activities		**(73,567)**	(313,377)
Cash flows from financing activities			
Refund to non-controlling interests upon deregistration of a subsidiary		**(2,898)**	(1,430)
Decrease in restricted bank balances		**70,203**	25,581
New bank borrowings		**1,238,588**	1,836,796
Repayment of bank borrowings		**(1,726,856)**	(1,296,246)
Cash repayment to related companies		**(275)**	(281)
Cash receipt from related companies		**493**	1,221
Dividends paid to shareholders		**–**	(25,130)
Dividends paid to non-controlling shareholders		**–**	(5,020)
Interest paid		**(136,375)**	(157,615)
Cash receipt from a shareholder		**1,657**	8,598
Repayment of lease liabilities (including interests)		**(13,966)**	(15,262)
Net cash flows (used in)/generated from financing activities		**(569,429)**	371,212
Net increase in cash and cash equivalents		**312,756**	457,134
Cash and cash equivalents at beginning of year		**1,452,837**	982,527
Effect of foreign exchange rate changes, net		**(59,677)**	13,176
Cash and cash equivalents at end of year		**1,705,916**	1,452,837

The notes on pages 152 to 262 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Zhuhai Holdings Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") was engaged in the following principal activities:

- investment holding
- management of holiday resort hotels
- management of a theme park
- management of an amusement park
- operation of a golf club
- property development
- provision of factoring services
- provision of port facilities
- provision of ferry services
- construction of river-regulating facilities and provision of river maintenance service
- trading and distribution of fuel oil

The Company is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Units 3709–10, 37th Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented. The financial statements are for the Group consisting of the Company and its subsidiaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation

(a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis as modified by the revaluation of buildings classified as property, plant and equipment, revaluation of investment properties, financial assets at fair value through other comprehensive income and securities measured at fair value through profit or loss, which are carried at fair value.

(c) Amendments to existing standards and interpretation adopted by the Group

The Group has applied the following amendments to existing standards and interpretation for the first time for their reporting commencing 1 January 2020:

Standards	Subject of amendment
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform — Phase 1

The amendments and revised conceptual framework listed above did not have any material impact on the Group's results.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(d) New standards, amendments to existing standards and interpretation not yet adopted

Certain new standards, amendments to existing standards and interpretation have been published that are not mandatory for 31 December 2020 reporting period and have not been early adopted by the Group:

Standards	**Subject of amendment**	**Effective for annual periods beginning on or after**
Amendments to HKFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Annual Improvements to HKFRS Standards 2018–2020	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contract: Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretations 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

(i) fair values of the assets transferred;

(ii) liabilities incurred to the former owners of the acquired business;

(iii) equity interests issued by the Group;

(iv) fair value of any asset or liability resulting from a contingent consideration arrangement; and

(v) fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

(i) consideration transferred;

(ii) amount of any non-controlling interest in the acquired entity; and

(iii) acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

(a) Business combinations *(Continued)*

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (e) below), after initially being recognised at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

(d) Joint arrangements

Under HKFRS 11, "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (e) below), after initially being recognised at cost in the consolidated statement of financial position.

(e) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.12.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

(f) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK$ and the consolidated financial statements are presented in RMB which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other income and gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities classified as fair value through comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Medium term leasehold buildings outside Hong Kong is stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the consolidated statement of profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the consolidated statement of profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the consolidated statement of profit or loss.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line or reducing balance method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

— Medium term leasehold buildings outside Hong Kong	20 to 30 years, on straight-line basis
— Golf club facilities	10 to 20 years, on straight-line basis
— Vessels	10 to 25 years, on reducing balance basis
— Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements	5 to 10 years, on straight-line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised within "Other income and gains, net", in the consolidated statement of profit or loss.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.7 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in consolidated statement of profit or loss as part of "Other income and gain, net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Intangible assets

Intangible assets of the Group represented golf club membership. Intangible assets acquired separately are measured on initial recognition at cost. The useful life of golf club membership is assessed to be indefinite. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.9 Service concession arrangement

The Group has entered into a service concession arrangement with local government on a Build-Operate-Transfer (the "BOT") basis. The Group is required to carry out construction work of river-regulating facilities and provide river maintenance service for a specified period of time (the "Service Concession Periods") in accordance with the pre-determined conditions set by the local government. The Group will be paid for its services over the Service Concession Periods at prices stipulated through a pricing mechanism. At the end of the operation period, the Group is obliged to transfer the infrastructure to the local government at nil consideration.

A financial asset (receivables under a service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from the local government for the construction services rendered and/or the consideration paid and payable by the Group to the local government during the Service Concession Period. The Group has an unconditional right to receive cash if the local government contractually guarantees to pay the Group specified or determinable amounts. The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for financial assets measured at amortised cost under Note 2.12.

During the construction periods, the Group recognises a contract asset and accounts for the significant financing component in the arrangement. When the construction services are completed, the contract asset would be classified and measured as receivables under a service concession arrangement accordingly.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial asset (if any), which will be used to reduce the carrying amount of financial receivables on the consolidated statement of financial position, (ii) interest income, will be recognised as revenue in profit or loss and (iii) revenue from operating service in the consolidated statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Contract assets and contract liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset under Note 2.12.

The Group recognises the incremental costs of obtaining a contract with a customer within contract costs if the Group expects to recover those costs.

2.11 Impairment of non-financial assets

Intangible assets that have an indefinite useful live are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Investments and other financial assets *(Continued)*

(c) Measurement *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments as financial assets measured at amortised cost, financial assets measured subsequently at fair value through OCI, and financial assets measured subsequently at fair value through profit or loss.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other income and gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated statement of profit or loss as "Other income and gains, net" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "Other income and gains, net", in consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Investments and other financial assets *(Continued)*

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 26 for further details.

2.13 Offsetting financial instrument

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Properties under development

Properties under development represent properties being developed for sale and are stated at the lower of cost and net realisable value. Cost comprises the prepaid land lease payments, or cost of land together with any other direct costs attributable to the development of the properties and other related expenses capitalised during the development period. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held-for-sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Completed properties held-for-sale

Completed properties held-for-sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 26 for further information about the Group's accounting for trade receivables and Note 3.1(b)(2) for a description of the Group's impairment policies.

2.18 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities unless payment is not due within one year after the reporting period.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Borrowing costs *(Continued)*

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of profit or loss on a straight line basis over the expected lives of the related assets.

2.24 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Current and deferred income tax *(Continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the consolidated statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated statement of profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Employee benefits *(Continued)*

(a) Pension obligations *(Continued)*

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.26 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for share options of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Share-based payments *(Continued)*

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2.27 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 Revenue recognition

(a) Sales of properties

Revenue are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all the benefits received and consumed simultaneously by the customer; or
- Creates and enhances an asset that the customer controls as the Group performs; or
- Do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

(b) Sales of goods

The Group trades and distributes fuel oil to other ferry companies and certain wholesalers. Sales of goods are recognised when the control of the goods have been transferred to the customers, and the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

(c) Sales of services

The Group provides various services to its customers, including maritime passenger transportation services, hotel services, tourist attraction services, golf club membership service, provision of port facilities services and factoring services. For golf club membership service, income is recognised on the straight-line basis over the expected life of membership. For sales of other services, revenue is recognised in the accounting period in which the services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 Revenue recognition *(Continued)*

(d) Rental income

Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

(e) Interest income arisen from service concession arrangement

Interest income arisen from service concession arrangement is accrued on a time basis, by making reference to the carrying amount and at the effective interest rate applicable, which is the rate discounts estimated cash flow of the project to its net carrying amount at initial recognition.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Incremental costs

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

(h) Accounting for significant financing component

For contracts where the period between the payment by the customer and transfer of the promised property or service exceeds one year, the transaction price should be adjusted for the effects or a financing component, if significant. The Group has assessed that the financing component effect was insignificant.

2.29 Dividend income

Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Leases *(Continued)*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to consolidated statement of profit or loss in the accounting period in which they are incurred.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Leases *(Continued)*

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 6 and Note 15). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.31 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the senior management. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(1) Commodity price risk

The major component included in the Group's cost of sales is fuel oil. The Group is exposed to fluctuations in the fuel oil price which is influenced by global as well as regional supply and demand conditions. An increase in the oil price could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(2) Foreign currency risk

The Group's business operated in the People's Republic of China ("the PRC") is mainly exposed to foreign currency risk arising from HK$.

At 31 December 2020, if HK$ had strengthened/weakened by 5% against the Renminbi with all other variables held constant, post-tax profit for the year would have been RMB59,000 (2019: RMB284,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK$ denominated monetary assets and liabilities.

(3) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets other than time deposits, restricted bank balances, and cash and cash equivalents. The maturity terms of these assets, together with the Group's current borrowings, are within 12 months so that there would not be significant interest rate risk for these financial assets and liabilities.

The Group's interest rate risk arises from non-current borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the years ended 31 December 2020 and 2019, the Group's non-current borrowings at variable rate were denominated in HK$.

At 31 December 2020, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB3,852,000 (2019: RMB1,922,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, time deposits and restricted bank balances, financial assets at fair value through other comprehensive income and securities measured at fair value through profit or loss, receivables from a shareholder and related parties, factoring receivables, loan to an associate, contract assets and deposits and other receivables, as well as credit exposures from outstanding trade receivables.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(1) Risk Management

To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables, if any, has been made. As at 31 December 2020, the Group has a concentration of credit risk given that the top five (2019: five) customers account for 93% (2019: 89%) of the Group's total year end trade receivable balance. Management considers that the credit risk in respect of these customers is minimal after considering the financial position and past experience with these customers.

The credit risk on contract assets is limited because the counterparties are mainly PRC local government. The Group assessed the risk of credit losses against contract assets is low.

As at 31 December 2020 and 2019, all bank balances and restricted bank balances as detailed in Note 28 are held in reputable financial institutions located in Hong Kong and Mainland China. There is no significant concentration risk to a single financial institution and management does not expect any losses arising from non-performance of these counterparties.

The credit risk of the Group's other financial assets, which comprise, securities measured at fair value through profit or loss, financial assets at fair value through other comprehensive income, receivables from a shareholder and related parties, factoring receivables, loan to an associate, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(2) Impairment of financial assets

Trade receivables

The trade receivables of the Group are subject to the expected credit loss model.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses, the Group categorises its trade receivables based in the nature of customer accounts and shared credit risk characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance for trade receivables as at 31 December 2020 and 31 December 2019 were determined as follows:

31 December 2020	**Current**	**1–90 days past due**	**91–180 days past due**	**Over 180 days past due**	**Total**
Gross carrying amount (RMB '000)	**534,307**	**495**	**3,727**	**5,028**	**543,557**
Loss allowance (RMB '000)	**(8,092)**	**(135)**	**(1,412)**	**(5,028)**	**(14,667)**

31 December 2019	Current	1–90 days past due	91–180 days past due	Over 180 days past due	Total
Gross carrying amount (RMB '000)	515,309	23	100	7,768	523,200
Loss allowance (RMB '000)	(5,118)	(4)	(38)	(7,768)	(12,928)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(2) Impairment of financial assets (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include factoring receivables, receivables from a shareholder and related parties, deposits and other receivables. Except for factoring receivables, management consider low credit risk for other financial assets at amortised cost and the expected credit loss for other financial assets at amortised cost based on the historical settlement pattern of these other financial assets and the forward looking recoverability analysis of the counterparties are close to zero.

For factoring receivables, management assessed the credit risk individually for impairment allowance. During the year ended 31 December 2020, one of the counterparties has known financial difficulties and significant doubt on collection of receivables, hence loss allowance of RMB52,094,000 was provided. As at 31 December 2020, the balances of individually assessed factoring receivables and the corresponding loss allowance are RMB385,907,000 (2019: RMB587,660,000) and RMB57,974,000 (2019: RMB5,880,000) respectively.

For loan to an associate, management assessed that the associate has known financial difficulties and significant doubt on collection of the loan. Loss allowance of RMB5,961,000 (2019: Nil) was provided during the year ended 31 December 2020.

While cash and cash equivalents, time deposits and restricted bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g., trade receivables).

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2020			
	Less than 12 months RMB'000	1 to 5 Years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bill payables	714,238	–	–	714,238
Financial liabilities included in deferred income, accrued liabilities and other payables	507,024	–	–	507,024
Construction payables	1,096,766	–	–	1,096,766
Interest-bearing bank borrowings and interest payments	1,977,569	846,874	177,180	3,001,623
Due to a shareholder	10,255	–	–	10,255
Due to related companies	35,662	–	–	35,662
Lease liabilities (including interest payment)	4,245	5,138	963	10,346
Financial guarantees (Note 40)	1,478,624	–	–	1,478,624
	5,824,383	852,012	178,143	6,854,538

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

	As at 31 December 2019			
	Less than 12 months RMB'000	1 to 5 Years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bill payables	597,515	–	–	597,515
Financial liabilities included in deferred income, accrued liabilities and other payables	274,139	–	–	274,139
Construction payables	1,014,192	–	–	1,014,192
Interest-bearing bank borrowings and interest payments	1,398,150	2,172,410	131,805	3,702,365
Due to a shareholder	8,598	–	–	8,598
Due to related companies	34,899	–	–	34,899
Lease liabilities (including interest payment)	14,976	8,917	9,322	33,215
Financial guarantees (Note 40)	1,791,563	–	–	1,791,563
	5,134,032	2,181,327	141,127	7,456,486

3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management *(Continued)*

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank borrowings, trade and bill payables, accrued liabilities and other payables, construction payables, lease liabilities, amounts due to a shareholder and related companies less restricted bank balances, time deposits and, cash and cash equivalents. Capital represents equity attributable to owners of the Company.

	2020 **RMB'000**	2019 RMB'000
Interest-bearing bank borrowings	**2,803,322**	3,426,221
Trade and bill payables	**714,238**	597,515
Accrued liabilities and other payables	**604,325**	373,642
Construction payables	**1,096,766**	1,014,192
Lease liabilities	**9,438**	28,024
Due to a shareholder	**10,255**	8,598
Due to related companies	**35,662**	34,899
Less: Restricted bank balances	**(686,352)**	(932,689)
Less: Time deposits	**–**	(5,000)
Less: Cash and cash equivalents	**(1,705,916)**	(1,452,837)
Net debt	**2,881,738**	3,092,565
Equity attributable to owners of the Company	**2,084,541**	1,974,504
Capital and net debt	**4,966,279**	5,067,069
Gearing ratio	**58%**	61%

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed twice a year for interim and annual financial reporting. Such inputs are categorised into three levels within a fair value hierarchy as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

See Note 14(a) and Note 15 for disclosure of the leasehold buildings and investment properties that are measured at fair value.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Level 1 RMB'000
At 31 December 2020	
Financial assets at fair value through other comprehensive income:	
Equity investments of a listed entity in HK	
— Investment, trading and real estate industry	**6,396**
Financial assets at fair value through profit or loss:	
Trading securities of a listed entity in HK	
— Utilities industry	**240**
At 31 December 2019	
Financial assets at fair value through other comprehensive income:	
Equity investments of a listed entity in HK	
— Investment, trading and real estate industry	8,152
Financial assets at fair value through profit or loss:	
Trading securities of a listed entity in HK	
— Utilities industry	287

There were no transfers of financial instruments between fair value hierarchy classifications during the year.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investments traded in The Hong Kong Stock Exchange and classified as trading securities or financial assets at other comprehensive income. The maximum exposure to credit risk at the reporting date is the fair value of these instruments in the consolidated statement of financial position.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of non-financial assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the assets; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(b) Estimation of fair value of leasehold buildings and investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(i) current gross replacement costs of the improvement less allowance for physical deterioration and all relevant forms of obsolescence and optimisation;

(ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value have been disclosed in Note 14(a) and Note 15 respectively.

(c) Retirement benefit

The Group operates and maintains defined benefit pension plans. The cost of providing the benefits in the defined benefit pension plan is actuarially determined and recognised over the employee's service period by utilising various actuarial assumptions and using the projected unit credit method in accordance with the accounting policy stated in Note 2.25 to the financial statements. These assumptions include, without limitation, the selection of discount rate, annual rate of increase of pension payment and employee's turnover rate. The discount rate is based on management's review of government bonds. The employees' turnover rate is based on historical trends of the Group. Additional information regarding the defined benefit plan is disclosed in Note 35 to the consolidated financial statements.

(d) Income taxes and deferred taxation

Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(d) Income taxes and deferred taxation *(Continued)*

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed.

(e) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. The Group has not finalised its PRC land appreciation taxes calculations and payments with local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and the related land appreciation taxes. The Group recognised the land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

(f) Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in current and future years.

5 OPERATING SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

5 OPERATING SEGMENT INFORMATION *(Continued)*

Executive directors monitor the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax. The profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance expenses, and share of profits/(loss) of joint ventures and associates are excluded from such measurement.

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risks and returns.

The Group is organised into business units based on their products and services and has eight reportable operating segments as follows:

(a) the Jiuzhou Blue Sea Jet and Blue Marine Tourism segment consists of the provision of ferry services;

(b) the hotel segment consists of the management of holiday resort hotels;

(c) the tourist attraction segment consists of the management of a theme park and an amusement park;

(d) the property development segment consists of the development of properties for sale;

(e) the golf club operations segment consists of the provision of comprehensive golf club facilities;

(f) the public utilities segment consists of the provision of port facilities, trading and distribution of fuel oil, construction of river-regulating facilities and provision of river maintenance service;

(g) the financial investments segment consists of the provision of factoring services; and

(h) the corporate and others segment comprises the Group's investment holding and trading of securities, together with corporate expense items.

Segment assets exclude deferred tax assets, prepaid tax and amounts due from a shareholder and related companies as these assets are managed on group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, amounts due to a shareholder and related companies, and deferred tax liabilities as these liabilities are managed on group basis.

For the year ended 31 December 2020, two customers of the Group individually accounted for 10% or more (2019: three customers of the Group individually accounted for 10% or more) of the Group's total revenue.

5 OPERATING SEGMENT INFORMATION *(Continued)*

The following tables present revenue and results for the Group's operating segments for the years ended 31 December 2020 and 2019.

			Green Leisure Tourism and Composite Real Estate								Public Utilities and Financial Investments									
	Jiuzhou Blue Sea Jet and Blue Marine Tourism		Hotel		Tourist attraction		Property development		Golf club operations		Public utilities		Financial investments		Corporate and others		Inter-segment eliminations		Consolidated	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Segment revenue:																				
Sales to external customers	**155,463**	545,972	**102,929**	134,429	**15,647**	31,541	**2,993,382**	2,534,937	**37,239**	33,617	**6,524,273**	8,475,929	**33,690**	55,855	**–**	–	**–**	–	**9,862,623**	11,812,280
Inter-segment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**29,662**	86,981	**–**	–	**–**	–	**(29,662)**	(86,981)	**–**	–
Total	**155,463**	545,972	**102,929**	134,429	**15,647**	31,541	**2,993,382**	2,534,937	**37,239**	33,617	**6,553,935**	8,562,910	**33,690**	55,855	**–**	–	**(29,662)**	(86,981)	**9,862,623**	11,812,280
Segment results	**(39,944)**	218,064	**(25,790)**	(12,435)	**(32,708)**	(13,574)	**1,166,977**	795,469	**(14,694)**	(21,339)	**43,868**	64,904	**(32,763)**	40,108	**(52,359)**	(53,223)	**(29,662)**	(86,981)	**982,925**	930,993
Interest income																			**36,714**	27,893
Finance expenses																			**(40,152)**	(23,763)
Share of profits/(loss) of:																				
Joint ventures	**2,733**	(2,105)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,733**	(2,105)
Associates	**(7,669)**	3,416	**–**	–	**–**	–	**–**	–	**–**	–	**7**	33	**–**	–	**–**	–	**–**	–	**(7,662)**	3,449
Profit before tax																			**974,558**	936,467
Income tax expense																			**(735,796)**	(656,139)
Profit for the year																			**238,762**	280,328

5 OPERATING SEGMENT INFORMATION *(Continued)*

The following tables present certain assets and liabilities for the Group's operating segments as at 31 December 2020 and 2019.

			Green Leisure Tourism and Composite Real Estate								Public Utilities and Financial Investments							
	Jiuzhou Blue Sea Jet and Blue Marine Tourism		Hotel		Tourist attraction		Property development		Golf club operations		Public utilities		Financial investments		Corporate and others		Consolidated	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Assets and liabilities:																		
Segment assets	**437,495**	481,462	**1,864,224**	1,747,382	**240,726**	269,808	**7,385,956**	7,530,729	**278,600**	295,551	**1,817,520**	1,199,141	**345,777**	597,351	**646,188**	625,412	**13,016,486**	12,746,836
Interests in joint ventures	**82,641**	85,010	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**82,641**	85,010
Interests in associates	**45,196**	44,578	**–**	–	**–**	–	**–**	–	**–**	–	**816**	809	**–**	–	**–**	–	**46,012**	45,387
Loan to an associate	**9,039**	15,000	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**9,039**	15,000
Unallocated assets																	**646,991**	514,912
Total assets																	**13,801,169**	13,407,145
Segment liabilities	**113,049**	136,406	**240,539**	232,914	**31,958**	43,553	**3,485,801**	3,314,048	**232,701**	229,338	**932,017**	740,484	**2,902**	2,543	**16,040**	18,797	**5,055,007**	4,718,083
Unallocated liabilities																	**4,905,096**	5,151,103
Total liabilities																	**9,960,103**	9,869,186
Other segment information:																		
Depreciation and amortisation	**20,332**	34,572	**22,070**	15,617	**21,585**	20,783	**2,911**	3,101	**14,433**	14,688	**5,750**	8,265	**326**	224	**2,069**	1,640	**89,476**	98,890
Capital expenditure in respect of property, plant and equipment and properties under development	**30,708**	52,938	**161,064**	332,298	**22,950**	12,306	**1,015,186**	344,892	**1,252**	25,095	**1,212**	1,547	**129**	119	**82**	20	**1,232,583**	769,215
Net fair value loss on securities measured at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**31**	12	**31**	12
(Write-back of impairment)/impairment of trade and factoring receivables	**(303)**	(214)	**(2,537)**	922	**–**	(225)	**(71)**	331	**(4)**	13	**4,654**	123	**52,094**	4,055	**–**	–	**53,833**	5,005
Impairment loss on loan to an associate	**5,961**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,961**	–
Impairment loss on property, plant and equipment	**9,448**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**9,448**	–

5 OPERATING SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Timing of revenue recognition		
— At a point in time	**9,490,310**	10,968,238
— Over time	**316,641**	775,825
Revenue under HKFRS 15	**9,806,951**	11,744,063
Revenue from other sources	**55,672**	68,217
	9,862,623	11,812,280

6 OTHER INCOME AND GAINS, NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income	**36,714**	27,893
Government grants (Note)	**33,836**	20,635
Rental income	**17,047**	24,726
Fair value gain on investment properties	**5,540**	890
Net fair value loss on securities measured at fair value through profit or loss	**(31)**	(12)
Gains/(losses) on disposal and write-off of property, plant and equipment	**3,817**	(2,284)
Exchange (losses)/gains	**(12,315)**	572
Others	**18,142**	15,640
	102,750	88,060

Note: There are no unfulfilled conditions or other contingencies attaching in these grants.

7 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Advertising and promotion expenses	**43,410**	49,503
Auditors' remuneration		
— Audit services	**1,996**	2,029
— Non-audit services	**1,827**	1,240
Commission fee	**15,463**	50,395
Cost of inventories sold	**6,485,949**	8,465,795
Cost of properties sold	**1,680,410**	1,627,236
Depreciation of property, plant and equipment (Note 14(a))	**61,031**	70,335
Depreciation of right-of-use assets (Note 14(b))	**28,445**	28,555
Employee benefit expenses (including directors' remuneration) (Note 8)	**282,028**	302,484
Expenses related to short-term lease payments	**11,964**	11,806
Expenses related to variable lease payments	**2,747**	21,697
Fair value loss on revaluation of property, plant and equipment	**1,859**	–
Fuel and utilities expenses	**21,253**	66,788
Impairment loss on interest in a joint venture	**5,102**	–
Impairment loss on property, plant and equipment	**9,448**	–
Land use tax	**12,733**	13,406
Repairs and maintenance	**35,896**	42,668
PRC miscellaneous taxes	**26,396**	22,066
Others	**157,983**	160,446
Total cost of sales, selling and distribution expenses, administrative expenses and other expenses	**8,885,940**	10,936,449

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**254,543**	261,924
Pension costs — defined contribution plans (Note a)	**18,904**	32,386
Pension costs — defined benefit plans (Note 35)	**8,581**	8,174
	282,028	302,484

(a) Pension costs — defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution pension scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The contributions to the scheme are expensed as incurred. No forfeited contribution under these schemes is available to reduce the contribution payable in future years.

(b) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for the year include nil (2019: one) director whose emoluments is reflected in the analysis presented in Note 9(a)(ii). The emoluments payable to the remaining five (2019: four) individuals during the year are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**2,895**	2,652
Pension costs — defined contribution plans	**165**	193
	3,060	2,845

8 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Five highest paid employees *(Continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands (in HK$)		
Nil – HKD500,000	**2**	–
HKD500,001 – HKD1,000,000	**2**	3
HKD1,000,001 – HKD1,500,000	**1**	1
	5	4

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director and the chief executive for the years ended 31 December 2020 and 2019 is set out below:

(i) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Mr. Hui Chiu Chung	**178**	176
Mr. Chu Yu Lin, David	**178**	176
Mr. Albert Ho	**178**	176
Mr. Wang Yijiang	**178**	176
	712	704

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) Executive directors and non-executive directors

	Fees RMB'000	Salaries RMB'000	Allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution paid under a retirement benefits scheme RMB'000	Estimated money value of benefits other than in kind RMB'000	Amounts received or receivable as inducement to join the Company/for accepting office as a director RMB'000	Other benefits RMB'000	Total remuneration RMB'000
2020									
Executive directors:									
Mr. Huang Xin[1]	–	27	5	52	8	–	–	–	92
Mr. Jin Tao[2]	–	–	–	–	–	–	–	–	–
Mr. Ye Yuhong	–	–	–	–	–	–	–	–	–
Mr. Li Wenjun	–	–	–	–	–	–	–	–	–
Mr. Zeng Jianping[3]	–	–	–	–	–	–	–	–	–
	–	27	5	52	8	–	–	–	92
Non-executive directors:									
Datuk Wira Lim Hock Guan[4]	74	–	–	–	–	–	–	–	74
Mr. Kwok Hoi Hing[5]	74	–	–	–	–	–	–	–	74
Mr. Zou Chaoyong	–	–	–	–	–	–	–	–	–
	148	–	–	–	–	–	–	–	148
	148	27	5	52	8	–	–	–	240

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) Executive directors and non-executive directors *(Continued)*

	Fees RMB'000	Salaries RMB'000	Allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution paid under a retirement benefits scheme RMB'000	Estimated money value of benefits other than in kind RMB'000	Amounts received or receivable as inducement to join the Company/for accepting office as a director RMB'000	Other benefits RMB'000	Total remuneration RMB'000
2019									
Executive directors:									
Mr. Huang Xin	–	343	62	595	90	–	–	–	1,090
Mr. Jin Tao	–	–	–	–	–	–	–	–	–
Mr. Ye Yuhong	–	–	–	–	–	–	–	–	–
Mr. Li Wenjun	–	–	–	–	–	–	–	–	–
	–	343	62	595	90	–	–	–	1,090
Non-executive directors:									
Datuk Wira Lim Hock Guan	176	–	–	–	–	–	–	–	176
Mr. Kwok Hoi Hing	176	–	–	–	–	–	–	–	176
Mr. Zou Chaoyong	–	–	–	–	–	–	–	–	–
	352	–	–	–	–	–	–	–	352
	352	343	62	595	90	–	–	–	1,442

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

(ii) Executive directors and non-executive directors *(Continued)*

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2020	**240**	**–**	**240**
For the year ended 31 December 2019	1,442	–	1,442

No directors waived any emolument during the year (2019: none).

[1] Mr. Huang Xin resigned as executive director and chairman of the board of the Company with effect from 29 June 2020.

[2] Mr. Jin Tao appointed as chief executive officer of the Company with effect from 8 April 2020.

[3] Mr. Zeng Jianping appointed as executive director and chairman of the board of the Company with effect from 20 April 2020 and 29 June 2020 respectively.

[4] Datuk Wira Lim Hock Guan resigned as non-executive director of the Company with effect from 29 May 2020.

[5] Mr. Kwok Hoi Hing resigned as non-executive director of the Company with effect from 29 May 2020.

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' retirement benefits

None of the directors received any retirement benefits during the year (2019: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2019: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2020, the Company did not pay consideration to any third parties for making available directors' services (2019: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2020, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2019: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: Nil).

10 FINANCE EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest on bank loans	**119,481**	161,700
Interest on lease liabilities	**765**	1,298
Others	**–**	644
Less: Interest capitalised	**(80,094)**	(139,879)
	40,152	23,763

11 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax:		
— Hong Kong (Note (a))	**3**	(1)
— PRC corporate income tax (Note (b)) and PRC withholding tax (Note (c))	**271,749**	279,252
— Current PRC land appreciation tax (Note (d))	**474,105**	403,568
Deferred income tax (Note 34)	**(10,061)**	(26,680)
	735,796	656,139

Note:

(a) Hong Kong profits tax

The Group's entities incorporated in Hong Kong are subject to Hong Kong profits tax of 8.25% (2019: 8.25%) for the first HK$2 million of the estimated assessable profits for one of the Group's Hong Kong subsidiaries for the year and 16.5% (2019: 16.5%) on the remaining estimated assessable profits during the year.

(b) PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2020 and 2019 based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in the PRC is 25% (2019: 25%).

11 INCOME TAX EXPENSE *(Continued)*

Note: *(Continued)*

(c) PRC withholding tax

Pursuant to the PRC tax law, a 10% (2019: 10%) withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those foreign invested subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

(d) PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% (2019: 30% to 60%) on the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% (2019: 20%) of the sum of the total deductible items.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before tax	**974,558**	936,467
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**293,492**	281,040
Joint ventures and associates' results reported net of tax	**1,232**	(336)
Income not subject to tax	**(1,409)**	(2,041)
Expenses not deductible for tax purposes	**23,334**	5,556
Effect of withholding tax at 10% on the distributable profits of the Group's PRC foreign invested subsidiaries	**45,215**	47,608
PRC LAT deductible for income tax purpose	**(118,526)**	(103,642)
Tax losses for which no deferred income tax asset was recognised	**18,353**	13,386
Corporate income tax expenses	**261,691**	241,571
Land appreciation tax (including current and deferred LAT)	**474,105**	414,568
Income tax expenses	**735,796**	656,139

11 INCOME TAX EXPENSE *(Continued)*

The tax credit/(charged) relating to components of other comprehensive income is as follows:

	2020			2019		
	Before tax RMB'000	**Tax charge RMB'000**	**After tax RMB'000**	Before tax RMB'000	Tax charge RMB'000	After tax RMB'000
Remeasurements of defined benefit obligations	**7,249**	**–**	**7,249**	(9,356)	–	(9,356)
(Loss)/gain on property revaluation	**(12,205)**	**3,051**	**(9,154)**	6,542	(1,636)	4,906
Other comprehensive (loss)/income	**(4,956)**	**3,051**	**(1,905)**	(2,814)	(1,636)	(4,450)
Deferred tax (Note 34)		**3,051**			(1,636)	

12 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares.

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately RMB44,353,000 (2019: profit for the year attributable to owners of the Company of approximately RMB81,069,000) and the weighted average number of ordinary shares in issue during the year of 1,427,797,174 (2019: 1,427,797,174).

(b) Diluted

For the years ended 31 December 2020 and 2019, diluted earnings per share equals to basic earnings per share as there was no potential dilutive ordinary shares outstanding.

13 DIVIDENDS

The dividends paid in the years ended 31 December 2020 and 2019 in respect of final dividends of 2019 and 2018 were nil and RMB25,130,000 (HK2 cents per share) respectively.

No dividend was proposed for ordinary shareholders during the years ended 31 December 2020 and 2019.

14(A) PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Medium term leasehold buildings outside Hong Kong RMB'000	Golf club facilities RMB'000	Vessels RMB'000	Furniture, fixtures, equipment motor vehicles, plant and machinery and leasehold improvements RMB'000	Total RMB'000
At 1 January 2019						
Cost or fair value	417,348	228,940	168,987	337,617	395,456	1,548,348
Accumulated depreciation and impairment	–	–	(34,236)	(89,402)	(286,180)	(409,818)
Net book amount	417,348	228,940	134,751	248,215	109,276	1,138,530
Year ended 31 December 2019						
Opening net book amount	417,348	228,940	134,751	248,215	109,276	1,138,530
Gain on revaluation, net	–	6,542	–	–	–	6,542
Additions	362,694	123	25,094	4,096	11,185	403,192
Disposals and write-off	–	(4,926)	(97)	(3,569)	(2,753)	(11,345)
Transfer in/(out)	(35,459)	9,145	–	20,228	6,086	–
Transfer from properties under development	–	1,157	–	–	–	1,157
Transfer to investment properties (Note 15)	–	(4,700)	–	–	–	(4,700)
Depreciation charge	–	(14,832)	(11,892)	(19,700)	(23,911)	(70,335)
Exchange differences	–	–	–	–	1	1
Closing net book amount	744,583	221,449	147,856	249,270	99,884	1,463,042
At 31 December 2019						
Cost or fair value	744,583	221,449	193,105	333,632	393,710	1,886,479
Accumulated depreciation and impairment	–	–	(45,249)	(84,362)	(293,826)	(423,437)
Net book amount	744,583	221,449	147,856	249,270	99,884	1,463,042
Year ended 31 December 2020						
Opening net book amount	**744,583**	**221,449**	**147,856**	**249,270**	**99,884**	**1,463,042**
Loss on revaluation, net	**–**	**(12,205)**	**–**	**–**	**–**	**(12,205)**
Deficit on valuation charged to the consolidated statement of profit or loss	**–**	**(1,859)**	**–**	**–**	**–**	**(1,859)**
Additions	**114,274**	**20,849**	**1,252**	**–**	**5,340**	**141,715**
Disposals and write-off	**–**	**–**	**(77)**	**(333)**	**(6,115)**	**(6,525)**
Impairment	**–**	**–**	**–**	**(2,429)**	**(7,019)**	**(9,448)**
Transfer in/(out)	**(765,593)**	**720,705**	**–**	**38,496**	**6,392**	**–**
Transfer from properties under development	**–**	**2,364**	**–**	**–**	**–**	**2,364**
Depreciation charge	**–**	**(21,383)**	**(11,630)**	**(6,719)**	**(21,299)**	**(61,031)**
Exchange differences	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Closing net book amount	**93,264**	**929,920**	**137,401**	**278,285**	**77,182**	**1,516,052**
At 31 December 2020						
Cost or fair value	**93,264**	**929,920**	**193,539**	**360,964**	**348,336**	**1,926,023**
Accumulated depreciation and impairment	**–**	**–**	**(56,138)**	**(82,679)**	**(271,154)**	**(409,971)**
Net book amount	**93,264**	**929,920**	**137,401**	**278,285**	**77,182**	**1,516,052**

14(A) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation expenses of RMB50,258,000 (2019: RMB63,504,000) has been charged in "Cost of sales", RMB1,111,000 (2019: RMB952,000) in "Selling and distribution expenses" and RMB9,662,000 (2019: RMB5,879,000) in "Administrative expenses".

During the year, the Group has capitalised borrowing costs amounting to RMB6,725,000 (2019: RMB19,080,000) in construction in progress. Borrowings costs were capitalised at weighted average rate of 2.62% (2019: 2.77%).

As at 31 December 2020, leasehold buildings with carrying amount of RMB42,000,000 (2019: RMB50,000,000) was pledged to secure the Group's borrowings (Note 33(a)).

Fair value hierarchy

As at 31 December 2020, the fair value measurement of medium-term leasehold buildings outside Hong Kong is categorised in level 3 of the fair value hierarchy (i.e., fair value measurement using significant unobservable inputs).

During the year, there were no transfers between fair value hierarchy classifications.

Reconciliation of fair value measurement categorised within level 3 of the fair value hierarchy:

	Leasehold buildings located in the Group's theme park and amusement park RMB'000	Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities RMB'000	New hotel located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities RMB'000	Main buildings, office buildings and various ancillary facilities located in the Group's resort hotel, the PRC RMB'000	Premises located in the Group's property development project in the PRC RMB'000	Total RMB'000
Carrying amount at 1 January 2020	110,000	49,783	–	61,366	300	221,449
Additions	20,503	346	–	–	–	20,849
Depreciation charge	(8,852)	(3,887)	(5,710)	(2,919)	(15)	(21,383)
Transfer from properties under development	–	–	–	–	2,364	2,364
Transfer from construction in progress	2	–	720,703	–	–	720,705
(Loss)/gain on property revaluation, net, recognised in other comprehensive income	(7,794)	(4,496)	1,007	(1,073)	151	(12,205)
Deficit on valuation charged to the consolidated statement of profit or loss	(1,859)	–	–	–	–	(1,859)
Carrying amount at 31 December 2020	112,000	41,746	716,000	57,374	2,800	929,920

14(A) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

	Leasehold buildings located in the Group's theme park and amusement park RMB'000	Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities RMB'000	Main buildings, office buildings and various ancillary facilities located in the Group's resort hotel, the PRC RMB'000	Premises located in the Group's property development project in the PRC RMB'000	Total RMB'000
Carrying amount at 1 January 2019	113,000	51,739	64,201	–	228,940
Additions	97	26	–	–	123
Depreciation charge	(8,189)	(3,752)	(2,891)	–	(14,832)
Disposals and write-off	(51)	(3,836)	(1,039)	–	(4,926)
Transfer from properties under development	–	–	–	1,157	1,157
Transfer from construction in progress	9,145	–	–	–	9,145
Gain/(loss) on property revaluation, net, recognised in other comprehensive income	(4,002)	5,606	1,095	3,843	6,542
Transfer to investment properties	–	–	–	(4,700)	(4,700)
Carrying amount at 31 December 2019	110,000	49,783	61,366	300	221,449

Valuation processes of the Group

The Group's medium-term leasehold buildings outside Hong Kong were valued at 31 December 2020 and 2019 by independent professionally qualified valuers who hold a recognised relevant professional qualification.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between management and valuers annually. As at 31 December 2020 and 2019, the fair values of the properties have been determined by Knight Frank Petty Limited ("Knight Frank").

14(A) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

Valuation processes of the Group *(Continued)*

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Valuation technique

(1) Fair value of leasehold buildings located in the Group's theme park and amusement park is derived using cost approach (depreciated replacement cost method). Under this method, fair value is estimated using an estimate of the new replacement cost of the buildings and structures from which deductions are then made to allow for the age, condition and functional obsolescence.

(2) Fair values of leasehold buildings located in the Group's resort hotel excluding the main building, office building and various ancillary facilities and fair value of premises located in the Group's property development project in the PRC are derived using market approach. Under this method, fair value is estimated with reference to market comparable sales evidence available in the market.

(3) Fair values of main building, office building and various ancillary facilities located in the Group's resort hotel and new hotel located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities are derived using discounted cash flow method. Under this method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income is then discounted.

14(A) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

Valuation technique *(Continued)*

(3) *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of leasehold buildings:

2020

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement cost method)	Construction cost by use	RMB2,100 to RMB5,600 per square meter	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities	Market approach	Price	RMB11,700 per square meter	The higher the price, the higher the fair value
New hotel located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities	Income approach (Discounted cash flow method)	Estimated rental value	RMB1,000 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	66%	The higher the occupancy rate, the higher the fair value
Premises located in the Group's property development project in the PRC	Market approach	Price	RMB6,500 to RMB11,000 per square meter	The higher the price, the higher the fair value
Main building, office building and various ancillary facilities located in the Group's resort hotel, the PRC	Income approach (Discounted cash flow method)	Estimated rental value	RMB577 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	30%	The higher the occupancy rate, the higher the fair value

14(A) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Fair value hierarchy *(Continued)*

Valuation technique *(Continued)*

(3) *(Continued)*

2019

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold buildings located in the Group's theme park and amusement park	Cost approach (Depreciated replacement cost method)	Construction cost by use	RMB2,100 to RMB5,600 per square meter	The higher the depreciated replacement cost, the higher the fair value
Leasehold buildings located in the Group's resort hotel, excluding the main building, office building and various ancillary facilities	Market approach	Price	RMB10,300 per square meter	The higher the price, the higher the fair value
Premises located in the Group's property development project in the PRC	Market approach	Price	RMB4,700 per square meter	The higher the price, the higher the fair value
Main building, office building and various ancillary facilities located in the Group's resort hotel, the PRC	Income approach (Discounted cash flow method)	Estimated rental value	RMB600 per night	The higher the estimated rental value, the higher the fair value
		Discount rate	6.5%	The higher the discount rate, the lower the fair value
		Occupancy rate	60%	The higher the occupancy rate, the higher the fair value

14(B) LEASES

(i) Amounts recognised in the consolidated statement of financial position

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Right-of-use assets		
Prepaid land lease payments	**330,042**	347,999
Properties	**5,158**	8,115
Port facilities (Note)	**884**	18,764
Vessels	**3,616**	11,010
	339,700	385,888
Lease liabilities		
Current	**3,900**	14,015
Non-current	**5,538**	14,009
	9,438	28,024

Note:

(a) Additions to the right-of-use assets during year were RMB4,033,000 (2019: RMB27,985,000).

(b) In 1994, Jiuzhou Port Company, a subsidiary of the Group, was granted by Zhuhai Jiuzhou Holdings Group Co., Ltd ("ZJ Holdings"), the rights to use the port facilities at the Jiuzhou Port for a period of 20 years at a lump sum payment of approximately RMB33,000,000. Under a supplemental lease agreement dated 1 March 2000, the terms of the lease were renegotiated, and both parties agreed to extend the lease to Jiuzhou Port Company for the use of the port facilities, which include certain buildings and structures erected at the Jiuzhou Port, to 40 years from that date up to 27 March 2040 at no additional cost. Such right-of-use port facilities was mutually agreed to early terminate in December 2020, of which ZJ Holdings agreed to compensate at RMB19,000,000. Right-of-use assets of RMB11,025,000 and property, plant and equipment of RMB5,726,000 were derecognised during the year ended 31 December 2020 respectively. Gain on disposal amounting to RMB2,249,000 was included in "Other income and gains, net".

(c) In addition, another right-of-use port facility leased by ZJ Holdings was early terminated in February 2020. Accordingly, right-of-use assets of RMB4,379,000 and related lease liabilities of RMB6,317,000 were derecognised during the year ended 31 December 2020 respectively. Gain on early termination of leases amounting to RMB1,938,000 was included in "Other income and gains, net".

14(B) LEASES *(Continued)*

(i) Amounts recognised in the consolidated statement of financial position *(Continued)*

Note: (Continued)

(d) During the year ended 31 December 2020, the Group agreed with its landlords to early terminate the lease of certain offices. The associated right-of-use assets and lease liabilities of RMB2,088,000 and RMB2,110,000 were derecognised during the year ended 31 December 2020 respectively. Gain on early termination of leases amounting to RMB22,000 was included in "Other income and gains, net".

(ii) Amounts recognised in the consolidated statement of profit or loss

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Depreciation of right-of-use assets		
Properties	**18,575**	16,387
Port facilities	**2,476**	2,870
Vessels	**7,394**	9,298
	28,445	28,555
Interest expense (included in finance cost)	**765**	1,298
Expense relating to short-term leases (included in cost of goods sold, selling and distribution expenses, and administrative expenses)	**11,964**	11,806
Expense relating to variable lease payments not included in lease liabilities (included in cost of goods sold) (Note (a))	**2,747**	21,697

Note:

(a) During the years ended 31 December 2020 and 2019, the Group leased a number of vessels which contain variable lease payment terms that are based on actual distance travelled by the vessels.

The total cash outflow for leases was RMB29,442,000 (2019: RMB48,765,000) during the year ended 31 December 2020.

15 INVESTMENT PROPERTIES

	2020 RMB'000	2019 RMB'000
Non-current assets — at fair value		
Opening balance at 1 January	**32,360**	26,770
Transfer from property, plant and equipment (Note 14(a))	**–**	4,700
Changes in fair value of investment properties	**5,540**	890
Closing balance at 31 December	**37,900**	32,360

Valuation processes of the Group

The process is as same as those disclosed in Note 14(a).

Valuation technique

Fair value of investment properties which are all located in Zhuhai, the PRC is derived using income approach (discounted cash flow method).

Fair value hierarchy

As at 31 December 2020 and 2019, the fair value of investment properties outside Hong Kong is categorised in level 3 of the fair value hierarchy (i.e. fair value measurement using significant unobservable inputs).

15 INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

2020

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Residential buildings leased to third parties located in Zhuhai, the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB22 per square meter per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	2.25%	The higher the capitalisation rate, the lower the fair value
Premises located in the Group's property development project in the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB60 per square meter per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	7%	The higher the capitalisation rate, the lower the fair value

15 INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

2019

	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Residential buildings leased to third parties located in Zhuhai, the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB19 per square meter per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	2.25%	The higher the capitalisation rate, the lower the fair value
Premises located in the Group's property development project in the PRC	Income approach (Discounted cash flow method)	Unit market rent	RMB50 per square meter per month	The higher the unit market rent, the higher the fair value
		Capitalisation rate	7%	The higher the capitalisation rate, the lower the fair value

The Group leases out the investment properties under operating leases, for an initial period of 2 to 8 years, with an option to renew on renegotiated terms. None of the leases includes contingent rentals. During the year ended 31 December 2020, the gross rental income from investment properties, amounted to approximately RMB364,000 (2019: RMB378,000).

16 PROPERTIES UNDER DEVELOPMENT

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Properties under development expected to be completed:		
— Within one operating cycle included under current assets	**3,326,231**	3,367,630
— Beyond one operating cycle included under non-current assets	**2,169,029**	2,087,070
	5,495,260	5,454,700
Properties under development expected to be completed and available-for-sale:		
— Within one year	**1,794,271**	1,979,467
— Beyond one year	**3,700,989**	3,475,233
	5,495,260	5,454,700
Properties under development comprise:		
— Capitalised interests	**449,324**	572,017
— Land use rights	**2,971,027**	2,712,579
— Construction costs and capitalised expenditures	**2,074,909**	2,170,104
	5,495,260	5,454,700

17 COMPLETED PROPERTIES HELD-FOR-SALE

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Completed properties held-for-sale comprise:		
— Capitalised interests	**110,829**	98,402
— Land use rights	**366,625**	337,316
— Construction costs and capitalised expenditures	**531,193**	350,925
	1,008,647	786,643

18 INTANGIBLE ASSET

	RMB'000
At 31 December 2019 and 1 January 2020 and 31 December 2020	
Cost	23,005
Accumulated impairment	(19,140)
Net book amount	3,865

The balance represents the carrying amount of the membership of a golf club in Zhuhai, the PRC, held by the Group. The membership is perpetual and is freely transferrable. The membership is acquired by the Group to provide golf club facilities for the Group's customers.

The recoverable amount of the golf club membership at 31 December 2020 and 2019 was determined by the Group with reference to the open market basis assessed by Knight Frank.

19 PRINCIPAL SUBSIDIARIES

(a) The following is a list of the principal subsidiaries at 31 December 2020 and 2019:

Name	Place of Establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-up registered capital	Proportion of ordinary shares held by the Group (%)		Proportion of ordinary shares held by non-controlling interests (%)	
				2020	2019	**2020**	2019
Zhuhai Holiday Resort Hotel Co., Ltd. (Note a)	The PRC, Limited liability company	Management of holiday resort hotels in the PRC	HK$ 184,880,000	**100**	100	**–**	–
The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. (Note a)	The PRC, Limited liability company	Management of a theme park in the PRC	RMB 60,000,000	**100**	100	**–**	–
珠海市水上娛樂有限公司 (Note a)	The PRC, Limited liability company	Management of an amusement park in the PRC	RMB 22,500,000	**100**	100	**–**	–
Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company") (Note b)	The PRC, Limited liability company	Provision of port facilities in the PRC	RMB 42,330,000	**90**	90	**10**	10
Zhuhai High-speed Passenger Ferry Co., Ltd. ("Ferry Company") (Notes b, c)	The PRC, Limited liability company	Provision of ferry services in the PRC	RMB 64,374,000	**49**	49	**51**	51
珠海經濟特區海通船務有限公司 (Notes d, e)	The PRC, Limited liability company	Provision of ferry services in the PRC	RMB 15,000,000	**49**	49	**51**	51
珠海市九洲郵輪有限公司 (Notes d, e)	The PRC, Limited liability company	Provision of ferry services in the PRC	RMB 20,000,000	**49**	49	**51**	51
珠海九洲能源有限公司 ("Jiuzhou Energy Company") (Notes d, h)	The PRC, Limited liability company	Trading and distribution of fuel oil in the PRC	RMB 66,000,000	**49**	49	**51**	51
珠海九控房地產有限公司 ("ZJ Development") (Note b)	The PRC, Limited liability company	Property development in the PRC	US$ 24,080,000	**60**	60	**40**	40
珠海市九控體育管理有限公司 ("Zhuhai Golf") (Note b)	The PRC, Limited liability company	Operation of a golf club in the PRC	US$ 8,800,000	**60**	60	**40**	40

19 PRINCIPAL SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31 December 2020 and 2019: *(Continued)*

Name	Place of Establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid-up registered capital	Proportion of ordinary shares held by the Group (%)		Proportion of ordinary shares held by non-controlling interests (%)	
				2020	2019	**2020**	2019
深圳市九控融資租賃有限公司 (Note a)	The PRC, Limited liability company	Factoring business for commercial bills and trade receivables	RMB 300,000,000	**100**	100	**–**	–
珠海九控環境建設工程有限公司 (Notes d, f)	The PRC, Limited liability company	Construction and maintenance of public facilities	RMB 128,000,000	**59**	59	**41**	41
Zhuhai Jiuzhou Public Utilities Co., Ltd. ("Jiuzhou Public Utilities") (Notes b, g)	The PRC, Limited liability company	Manage and invest in public utilities companies	RMB 1,000,000	**49**	–	**51**	–

Notes:

(a) Registered as wholly-foreign-owned enterprises under PRC law.

(b) Registered as sino-foreign equity joint venture under PRC law.

(c) The Group considers that it controls Ferry Company even though it owns less than 50% of the equity interests. Ferry Company is owned as to 49% by the Group, 43% by ZJ Holdings and 8% by an independent third party. According to articles of association and the composition of the board of directors of Ferry Company, the Group obtains more than half of voting power over Ferry Company and therefore obtains control of Ferry Company.

(d) Registered as limited liability companies under PRC law.

(e) These entities are subsidiaries of Ferry Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

(f) This entity is the subsidiary of ZJ Development Company and, accordingly, is accounted for as subsidiaries by virtue of the Company's control over them.

(g) The Group considers that it controls Jiuzhou Public Utilities even though it owns less than 50% of the equity interests. Jiuzhou Public Utilities is owned as to 49% by the Group, 43% by ZJ Holdings and 8% by an independent third party. According to articles of association and the composition of the board of directors of Jiuzhou Public Utilities, the Group obtains more than half of voting power over Jiuzhou Public Utilities and therefore obtains control of Jiuzhou Public Utilities.

(h) Jiuzhou Energy Company was subsidiary of Ferry Company as at 31 December 2019. The equity interest of Jiuzhou Energy Company was transferred to Jiuzhou Public Utilities during the year ended 31 December 2020.

19 PRINCIPAL SUBSIDIARIES *(Continued)*

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2020 amounted to RMB1,756,525,000 (2019: RMB1,563,455,000), of which RMB402,962,000 (2019: RMB427,944,000) was for Ferry Company and its subsidiaries ("Ferry Company Group") and RMB1,332,650,000 (2019: RMB1,101,256,000) was attributed to ZJ Development and its subsidiaries ("ZJ Development Group"). The non-controlling interests in respect of other entities were not material.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for subsidiaries that have non-controlling interests that are material to the Group.

Summarised statement of financial position

	Ferry Company Group		**ZJ Development Group**	
	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000	**As at 31 December 2020 RMB'000**	As at 31 December 2019 RMB'000
Current				
Assets	**1,583,299**	1,477,659	**7,381,095**	6,974,980
Liabilities	**(1,190,786)**	(1,043,572)	**(4,945,146)**	(4,491,136)
Total current net assets	**392,513**	434,087	**2,435,949**	2,483,844
Non-current				
Assets	**461,708**	464,444	**1,609,700**	1,393,418
Liabilities	**(65,780)**	(72,447)	**(772,373)**	(1,246,935)
Total non-current net assets	**395,928**	391,997	**837,327**	146,483
Net assets	**788,441**	826,084	**3,273,276**	2,630,327

19 PRINCIPAL SUBSIDIARIES *(Continued)*

(b) Material non-controlling interests *(Continued)*

Summarised statement of profit or loss

	Ferry Company Group Year ended 31 December		ZJ Development Group Year ended 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Revenue	**6,650,305**	8,990,073	**3,013,111**	2,538,946
(Loss)/profit before tax	**(46,604)**	168,119	**1,293,759**	897,962
Income tax expense	**(9,452)**	(42,172)	**(674,740)**	(548,549)
Other comprehensive income/ (loss)	**2,935**	(1,368)	**–**	–
Total comprehensive (loss)/ income for the year	**(53,121)**	124,579	**619,019**	349,413
Total comprehensive (loss)/ income allocated to non-controlling interests	**(27,092)**	63,535	**247,608**	139,765
Dividend paid to non-controlling shareholders	**–**	–	**–**	–

19 PRINCIPAL SUBSIDIARIES *(Continued)*

(b) Material non-controlling interests *(Continued)*

Summarised statement of cash flows

	Ferry Company Group Year ended 31 December		ZJ Development Group Year ended 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Cash flows generated from operating activities				
Cash generated from operations	**30,358**	18,782	**824,713**	263,135
Income tax paid	**(23,364)**	(36,946)	**(450,571)**	(323,621)
Net cash generated from/ (used in) operating activities	**6,994**	(18,164)	**374,142**	(60,486)
Net cash (used in)/generated from investing activities	**(27,039)**	(49,382)	**22,476**	12,605
Net cash (used in)/generated from financing activities	**(20,186)**	171,744	**(524,007)**	212,010
Net (decrease)/increase in cash and cash equivalents	**(40,231)**	104,198	**(127,389)**	164,129
Cash and cash equivalents at beginning of year	**203,142**	98,944	**664,650**	500,521
Cash and cash equivalents at end of year	**162,911**	203,142	**537,261**	664,650

The information above is the amount before inter-company eliminations.

20 INTERESTS IN JOINT VENTURES

	2020 **RMB'000**	2019 RMB'000
At 1 January	**85,010**	92,612
Share of profit/(loss)	**2,733**	(2,105)
Impairment loss	**(5,102)**	–
Dividends received	**–**	(5,497)
At 31 December	**82,641**	85,010

Particulars of the Group's joint ventures indirectly held by the Company as at 31 December 2020 and 31 December 2019 are as follows:

Name	**Place of business/ country of establishment**	**% of ownership interest** **2020**	2019	**Principal activities**	**Measurement method**
珠海市珠澳輪渡有限公司	The PRC	**49**	49	Provision of ferry services	Equity
台州市榮遠客運有限公司	The PRC	**47.5**	47.5	Provision of ferry services	Equity

珠海市珠澳輪渡有限公司 and 台州市榮遠客運有限公司 are private companies and not significant to the Group. There is no quoted market price available for their shares.

The Group has no commitment and contingent liability relating to its interest in the joint ventures.

21 INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
At 1 January	**45,387**	34,938
Share of (loss)/profit	**(7,662)**	3,449
Additions	**8,287**	7,000
At 31 December	**46,012**	45,387

Particulars of the associates as at 31 December 2020 and 31 December 2019 are as follows:

Name	Place of business/ country of incorporation/ establishment	% of ownership interest 2020	2019	Principal activities	Measurement method
Allways Internet Limited	Hong Kong	**50**	50	Investment holding	Equity
深圳市機場高速客運有限公司	The PRC	**40**	40	Provision of ticketing services	Equity
珠海市九洲快運有限公司	The PRC	**25**	25	Transportation	Equity
三亞藍色幹線旅遊發展有限公司	The PRC	**35**	35	Transportation	Equity
珠海粵拱信海運輸有限責任公司	The PRC	**21**	21	Transportation	Equity

The Group has no commitment and contingent liability relating to its interests in the associates.

All the associates are private companies and not significant to the Group. There are no quoted market prices available for their shares.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income include the following:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Hong Kong listed equity investments, at fair value and denominated in HK$	**6,396**	8,152

Movement in the financial assets at fair value through other comprehensive income is as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**8,152**	8,412
Net loss recognised as other comprehensive income	**(1,333)**	(440)
Exchange realignment	**(423)**	180
At 31 December	**6,396**	8,152

23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Prepayments and deposits included in non-current assets:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Rental prepayments	**1,179**	1,451
Other prepayments and deposits	**22,000**	23,800
	23,179	25,251

(b) Prepayments, deposits and other receivables included in current assets:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Prepayments	**822,902**	402,488
Prepayment for land use right of properties under development	**–**	353,091
Prepaid value-added tax	**114,971**	106,638
Deposits and other receivables	**40,533**	38,943
Contract costs	**925**	904
	979,331	902,064

(i) The fair values of the Group's deposits and other receivables as at 31 December 2020 and 2019 approximate their carrying amounts.

(ii) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(iii) The Group's prepayments, deposits and other receivables and contract costs are mainly denominated in RMB.

24 SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Listed equity securities in Hong Kong — held-for-trading		
Investments in Hong Kong, at fair value	**240**	287

Changes in fair values of securities measured at fair value through profit or loss are recorded in "Other income and gains, net" in the consolidated statement of profit or loss.

The fair value of all equity securities is based on their current bid prices in an active market.

25 INVENTORIES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Food, beverages and souvenirs held for resale	**1,445**	1,184
Spare parts and consumables	**12,641**	18,766
	14,086	19,950

The cost of inventories recognised as expense and included in "Cost of sales" amounted to RMB6,485,949,000 (2019: RMB8,465,795,000).

26 TRADE RECEIVABLES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Trade receivables	**543,557**	523,200
Less: Allowance for impairment of trade receivables	**(14,667)**	(12,928)
	528,890	510,272

A defined credit policy is maintained within the Group. The general credit terms range from one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Current to 3 months	**534,307**	515,309
4 to 6 months	**495**	122
7 to 12 months	**3,727**	1
Over 12 months	**5,028**	7,768
	543,557	523,200

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(b) provides for details about the calculation of the allowance.

26 TRADE RECEIVABLES *(Continued)*

The carrying amount of trade receivables approximate their fair value.

The Group's trade receivables were denominated in the following currencies:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
RMB	**543,540**	518,178
HK$	**17**	5,022
	543,557	523,200

27 FACTORING RECEIVABLES

Factoring receivables granted to customers are measured at amortised cost and are generally for a period of 30 to 180 days with interest rates range from 6.65% – 6.75% per annum. (2019: 4.79% – 7.60% per annum). The balances are denominated in RMB and do not expose to foreign currency risk.

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Factoring receivables	**385,907**	587,660
Less: Allowance for impairment of factoring receivables	**(57,974)**	(5,880)
	327,933	581,780

The carrying amount of factoring receivables approximate their fair value. Note 3.1(b) provides for details about the allowance provision.

28 CASH AND BANK BALANCES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Cash and cash equivalents	**1,705,916**	1,452,837
Time deposits with maturities over 3 months	**–**	5,000
Restricted bank balances	**686,352**	932,689
	2,392,268	2,390,526

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Restricted bank balances		
Tourism deposits	**140**	700
Deposits to secure construction fee payable (Note (a))	**65**	15,064
Guarantee deposits for construction of pre-sold properties (Note (b))	**620,809**	780,609
Pledged deposits for borrowings	**11,722**	115,165
Deposits for issuance of bill payables	**53,616**	21,151
	686,352	932,689
Less: Non-current portion	**–**	(8,971)
Current portion	**686,352**	923,718

28 CASH AND BANK BALANCES *(Continued)*

Notes:

(a) According to the relevant construction contracts, the Group is required to place deposits at designated bank accounts with certain amount of the construction payables as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(b) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, a property development company of the Group is required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

As at 31 December 2020, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB2,236,782,000 (31 December 2019: RMB2,265,249,000). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and bank balances were denominated in the following currencies:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
RMB	**2,236,782**	2,265,249
HK$	**155,348**	125,138
Others	**138**	139
	2,392,268	2,390,526

The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amount of cash and bank balances approximate their fair value.

29 FINANCIAL INSTRUMENTS BY CATEGORY

	Assets at fair value through profit or loss RMB'000	Assets at amortised cost RMB'000	Assets at fair value through other comprehensive income RMB'000	Total RMB'000
As at 31 December 2020				
Assets as per consolidated statement of financial position				
Financial assets at fair value through other comprehensive income	–	–	6,396	6,396
Securities measured at fair value through profit or loss	240	–	–	240
Trade receivables	–	528,890	–	528,890
Financial assets included in other receivables	–	37,126	–	37,126
Factoring receivables	–	327,933	–	327,933
Loan to an associate	–	9,039	–	9,039
Due from a shareholder	–	7,002	–	7,002
Due from related companies	–	18,343	–	18,343
Restricted bank balances	–	686,352	–	686,352
Cash and cash equivalents	–	1,705,916	–	1,705,916
	240	3,320,601	6,396	3,327,237

29 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Assets at fair value through profit or loss RMB'000	Assets at amortised cost RMB'000	Assets at fair value through other comprehensive income RMB'000	Total RMB'000
As at 31 December 2019				
Assets as per consolidated statement of financial position				
Financial assets at fair value through other comprehensive income	–	–	8,152	8,152
Securities measured at fair value through profit or loss	287	–	–	287
Trade receivables	–	510,272	–	510,272
Financial assets included in other receivables	–	38,943	–	38,943
Factoring receivables	–	581,780	–	581,780
Loan to an associate	–	15,000	–	15,000
Due from related companies	–	19,519	–	19,519
Restricted bank balances	–	932,689	–	932,689
Time deposits	–	5,000	–	5,000
Cash and cash equivalents	–	1,452,837	–	1,452,837
	287	3,556,040	8,152	3,564,479

29 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
Trade and bill payables	**714,238**	597,515
Financial liabilities included in deferred income, accrued liabilities and other payables	**506,070**	273,185
Construction payables	**1,096,766**	1,014,192
Interest-bearing bank borrowings	**2,803,322**	3,426,221
Lease liabilities	**9,438**	28,024
Due to a shareholder	**10,255**	8,598
Due to related companies	**35,662**	34,899
	5,175,751	5,382,634

30 TRADE AND BILL PAYABLES

An ageing analysis of the trade and bill payables as at 31 December 2020 and 2019, based on the invoice date, is as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Current to 3 months	**483,413**	515,289
4 to 6 months	**3,808**	3,025
7 to 12 months	**429**	354
Over 12 months	**6,738**	4,679
	494,388	523,347
Bill payables	**219,850**	74,168
Trade and bill payables	**714,238**	597,515

30 TRADE AND BILL PAYABLES *(Continued)*

(i) The trade payables are non-interest-bearing and are normally settled on 60-day terms and approximate their fair values.

(ii) The Group's trade and bill payables are denominated in RMB.

(iii) As at 31 December 2020, bill payables of RMB219,850,000 (2019: RMB74,168,000) were secured by restricted bank balances of RMB53,616,000 (2019: RMB21,151,000). Corporate guarantee provided by a subsidiary of the company was released during the year ended 31 December 2020.

31 DEFERRED INCOME, ACCRUED LIABILITIES AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Accrued liabilities and other payables (Note a)	**604,325**	373,642
Contract liabilities (Note b)	**2,498,353**	2,568,984
	3,102,678	2,942,626
Less: Current portion	**(2,902,636)**	(2,739,284)
Contract liabilities (non-current portion)	**200,042**	203,342

Except for a loan from a non-controlling shareholder of a subsidiary of RMB20,080,000 (2019: RMB20,080,000) which bears interests at 4.75% (2019: 4.75%) per annum and is repayable in 2021, other payables are non-interest bearing and have average payment terms of one to three months.

Note a: The accrued liabilities and other payables in 2020 mainly included accrued staff costs, advances from other customers, other tax payables, interest payables and accrued vessel maintenance fund.

Note b: Contract liabilities include properties pre-sale proceeds received from customer, deferred income from golf club membership and advances from other customers.

Other payables are denominated in RMB.

32 CONSTRUCTION PAYABLES

Construction payables, which represent amounts due to contractors for construction of properties under development, and property, plant and equipment, are unsecured, interest-free and repayable in accordance with the terms of the respective construction contracts. Construction payables were denominated in RMB.

33 INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Bank loans and syndicated loan — secured (Note (a))	**1,461,915**	1,896,457
Bank loans — unsecured (Note (b))	**1,341,407**	1,529,764
	2,803,322	3,426,221
Less: current portion	**(1,910,514)**	(1,257,290)
	892,808	2,168,931

At 31 December 2020, the Group's borrowings were repayable as follows:

	Bank loans and syndicated loan	
	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Within 1 year	**1,910,514**	1,257,290
Between 1 and 2 years	**444,429**	1,301,634
Between 2 and 5 years	**305,716**	763,418
Over 5 years	**142,663**	103,879
	2,803,322	3,426,221

33 INTEREST-BEARING BANK BORROWINGS *(Continued)*

The carrying amounts of the Group's borrowings are denominated in the following currency:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
HK$	**1,803,756**	1,840,725
RMB	**999,566**	1,585,496
	2,803,322	3,426,221

Notes:

(a) As at 31 December 2019, the Group's bank loan of RMB100,000,000 was secured by its bank deposit amounted to RMB100,000,000. Such borrowing was repaid and the bank deposit was released during the year ended 31 December 2020.

As at 31 December 2020, the repayment obligation of the Company amounting to RMB1,008,135,000 (2019: RMB1,438,486,000) under the Syndicated Loan Facility was secured by guarantees executed by wholly-owned subsidiaries of the Company, namely Jiuzhou Tourist Development Company Limited ("JTD") and Jiuzhou Tourism Property Company Limited ("JTP"), and a charge over a bank account amounted to RMB3,293,000 (2019: RMB6,194,000) of the Company in favour of the facility agent on behalf of the lenders.

As at 31 December 2020, the repayment obligation of the Company amounting to RMB167,900,000 (2019: RMB178,804,000) under a bank term loan facility was secured by guarantees executed by JTD and JTP and secured by a charge over a bank account amounted to RMB8,429,000 (2019: RMB8,971,000) of the Company in favour of the facility agent on behalf of the lenders.

33 INTEREST-BEARING BANK BORROWINGS *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

As at 31 December 2020, the Company has executed guarantees in respect of a bank loan of RMB225,880,000 (2019: RMB149,167,000) borrowed by Zhuhai Jiuzhou Property Development Limited, a wholly-owned subsidiary of the Company. As at 31 December 2020, the repayment obligation was also secured by leasehold buildings with carrying amount of approximately RMB42,000,000 (2019: RMB50,000,000).

As at 31 December 2020, bank borrowings of RMB60,000,000 (2019: RMB30,000,000) were secured by all rights and income under service concession arrangement.

(b) As at 31 December 2020, bank borrowings of RMB74,186,000 (2019: RMB187,342,000) were guaranteed by Ferry Company.

As at 31 December 2020, a bank loan of RMB362,500,000 (2019: RMB899,000,000) borrowed by ZJ Development was guaranteed by ZJ Holdings, a shareholder of the Company, and the Company up to RMB780,000,000 (2019: RMB780,000,000) and RMB1,170,000,000 (2019: RMB1,170,000,000) respectively.

As at 31 December 2020, a bank loan of RMB30,000,000 (2019: Nil) borrowed by ZJ Development was guaranteed by ZJ Holdings and the Company up to RMB12,000,000 (2019: Nil) and RMB18,000,000 (2019: Nil) respectively.

Among the unsecured bank borrowings of RMB1,341,407,000 as at 31 December 2020 (2019: RMB1,529,764,000) of which RMB874,721,000 (2019: RMB443,422,000) were not guaranteed.

(c) Borrowings bear average interest rate of 1.65% – 5.90% per annum (2019: 0.5% – 6.65% per annum). The capitalisation rate of borrowings for assets under construction was 3.92% (2019: 4.75%) for the year ended 31 December 2020.

(d) The fair value of borrowings approximates their carrying amount.

34 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	**(75,954)**	(78,166)
Deferred tax liabilities:		
— Deferred tax liability to be settled after more than 12 months	**449,191**	506,622
— Deferred tax liability to be settled within 12 months	**153,223**	111,145
	602,414	617,767
Deferred tax liabilities (net)	**526,460**	539,601

The gross movements on the deferred income tax account are as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**539,601**	564,532
Credited to the statement of profit or loss	**(10,061)**	(26,680)
Tax (credit)/charge relating to components of other comprehensive income	**(3,051)**	1,636
Exchange realignment	**(29)**	113
At 31 December	**526,460**	539,601

34 DEFERRED INCOME TAX *(Continued)*

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities

	Leasehold buildings and investment properties RMB'000	Fair value adjustments arising from acquisition of subsidiaries and subsequent changes RMB'000	Withholding taxes on undistributed profit of subsidiaries RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2019	28,729	566,806	61,159	3,282	659,976
(Credited)/charged to the statement of profit or loss	(13,443)	(70,761)	43,071	2,873	(38,260)
Charged to other comprehensive income	1,636	–	–	–	1,636
Exchange realignment	–	(15)	128	–	113
At 31 December 2019	16,922	496,030	104,358	6,155	623,465
Charged/(credited) to the statement of profit or loss	1,385	(51,580)	45,215	(4,749)	(9,729)
Credited to other comprehensive income	(3,051)	–	–	–	(3,051)
Exchange realignment	–	36	(64)	(1)	(29)
At 31 December 2020	15,256	444,486	149,509	1,405	610,656

34 DEFERRED INCOME TAX *(Continued)*

Deferred tax assets

	Timing difference in sales recognition RMB'000	Depreciation of vessels RMB'000	Unused tax losses, bad debt provision and others RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2019	(73,649)	(8,323)	(9,652)	(3,820)	(95,444)
Charged/(credited) to the statement of profit or loss	12,076	2,233	162	(2,891)	11,580
At 31 December 2019	(61,573)	(6,090)	(9,490)	(6,711)	(83,864)
Charged/(credited) to the statement of profit or loss	9,147	4,093	(18,830)	5,258	(332)
At 31 December 2020	(52,426)	(1,997)	(28,320)	(1,453)	(84,196)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB38,730,000 (2019: RMB34,192,000) in respect of losses amounting to RMB181,320,000 (2019: RMB160,398,000) that can be carried forward against future taxable income. Losses arising in Hong Kong amounting to RMB65,296,000 (2019: RMB69,496,000) are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Losses arising in the PRC amounting to RMB111,824,000 (2019: RMB90,902,000) will expire between 2021 and 2025.

35 DEFINED BENEFIT OBLIGATIONS

The Group operates and maintains defined benefit pension plans. According to the plan, the Group has continuing practice of pension payments to their retired employees till the death of the retired employees with reference to the position of the retired employees at the time when they retire. The expected cost of providing these post-retirement benefits is actuarially determined and recognised by using the projected unit credit method, which involves a number of assumptions and estimates, including discount rate, employee turnover rate and mortality rate and etc.

The table below outlines where the Group's post-employment pension amounts and activity are included in the financial statements.

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Consolidated statement of financial position obligations for:		
— Defined pension benefits	**131,887**	135,726

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Statement of profit or loss charge included in administrative expenses:		
— Defined pension benefits	**8,581**	8,174

35 DEFINED BENEFIT OBLIGATIONS *(Continued)*

The movements in the defined benefit liability over the year are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Opening defined benefit obligations	**135,726**	122,828
Current service	**4,050**	3,828
Interest expense	**4,531**	4,346
	8,581	8,174
Remeasurements:		
— (Loss)/gain from change in financial assumptions	**(5,805)**	3,925
— Experience (gain)/loss	**(1,444)**	5,431
	(7,249)	9,356
Benefit payments	**(5,171)**	(4,632)
Closing defined benefit obligations	**131,887**	135,726

35 DEFINED BENEFIT OBLIGATIONS *(Continued)*

The significant actuarial assumptions are as follows:

Discount rate

	As at 31 December 2020	As at 31 December 2019
Discount rate	**3.7%**	3.4%

Employee turnover rate

Active employees are assumed to leave the Company before retirement in accordance with an age-related table as follows:

Age	**Employee turnover rate (p.a.)**	
	31 December 2020	31 December 2019
Less than 25	**25%**	25%
25 – 34	**20%**	20%
35 – 44	**10%**	10%
45 – 54	**5%**	5%
Age 55 and over	**0%**	0%

35 DEFINED BENEFIT OBLIGATIONS *(Continued)*

Mortality rate

Mortality rate is based on China Life Insurance Mortality Table (2010 – 2013).

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

31 December 2020

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption RMB'000	Decrease in assumption RMB'000
Discount rate	**1%**	**(16,802)**	**21,003**
Mortality rate	**1% p.a. improvement**	**6,014**	**(4,135)**
Turnover rate	**25%**	**(2,399)**	**2,794**
		(13,187)	**19,662**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position.

The Group provides a monthly allowance to its employees upon attainment of certain retirement ages based on their gender, rank and by which entity they are employed. The expected contributions to post-employment benefits plans for the year ending 31 December 2021 are RMB5,238,000. The weighted average duration of the defined benefit obligation is 15 years (2019: 15 years).

36 SHARE CAPITAL

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Authorised:		
4,000,000,000 ordinary shares of HK$0.10 each	**376,170**	376,170
Issued and fully paid:		
1,427,797,174 (2019: 1,427,797,174) ordinary shares of HK$0.10 each	**142,874**	142,874

37 RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2020 and 2019 are presented in the consolidated statement of changes in equity.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, together with the surplus arising on the acquisition of the site of the Group's theme park, pursuant to the group reorganisation on 30 April 1998, and the nominal value of the Company's shares issued pursuant to the group reorganisation.

In accordance with the relevant PRC regulations, the group companies established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of the subsidiaries, the statutory reserve funds may be used to offset against losses and/or may be capitalised as paid-up capital.

38 SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the annual general meeting of the Company held on 28 May 2012, a share option scheme ("Share Option Scheme") was adopted. The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. The principal terms of the Share Option Scheme are set out in the circular of the Company dated 26 April 2012.

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity").

The participants of the Share Option Scheme include: (a) any eligible employee; (b) any non-executive director of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon the payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company and shall not be more than 10 years from the date of offer of the share options, subject to the provisions for early termination as set out in the scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors of the Company.

On 13 July 2015, the Company had granted an aggregate of 79,600,000 share options ("Share Options") to eligible grantees (the "Grantees"), including certain directors, senior management and connected persons of the Group under the Share Option Scheme.

All these share options were cancelled without consideration upon the consent to and acceptance of the cancellation by the relevant grantees and the entitled persons with effect from 21 July 2016. The share option reserve recognised in 2015 amounting to RMB3,035,000 was then transferred to retained profits upon the cancellation.

The Company had no share options outstanding as at 31 December 2020.

39 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**974,558**	936,467
Adjustments for:		
Share of (profits)/loss of joint ventures	**(2,733)**	2,105
Share of loss/(profits) of associates	**7,662**	(3,449)
Interest income	**(36,714)**	(27,893)
Finance expenses	**40,152**	23,763
Depreciation of property, plant and equipment	**61,031**	70,335
Depreciation of right-of-use assets	**28,445**	28,555
(Gains)/losses on disposal and write-off of property, plant and equipment	**(3,817)**	2,284
Gain on modification of lease term	**(1,960)**	–
Capitalised interest included in cost of properties sold	**183,635**	235,072
Changes in fair value of investment properties	**(5,540)**	(890)
Fair value loss on revaluation of property, plant and equipment	**1,859**	–
Impairment loss on interest in joint ventures	**5,102**	–
Impairment loss on loan to an associate	**5,961**	–
Impairment loss on property, plant and equipment	**9,448**	–
Net fair value loss on securities measured at fair value through profit or loss	**31**	12
	1,267,120	1,266,361
Change in working capital:		
Properties under development and completed properties held-for-sale	**(368,488)**	82,764
Inventories	**5,864**	18,223
Trade receivables	**(18,618)**	412,874
Factoring receivables	**253,847**	328,924
Contract assets	**(160,687)**	(182,056)
Prepayments, deposits and other receivables	**(75,194)**	(555,373)
Trade and bill payables	**116,723**	(400,344)
Deferred income, accrued liabilities and other payables	**240,105**	106,398
Construction payables	**77,280**	88,757
Defined benefit obligations	**3,410**	3,542
Restricted bank balances	**174,799**	(362,421)
Balances with a shareholder	**(7,002)**	(66)
Balances with related companies	**1,721**	16,105
Contract liabilities	**(70,631)**	(11,142)
Cash generated from operations	**1,440,249**	812,546

39 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(b) Liabilities from financing activities:

	Amounts due to related companies	Amounts due to a shareholder	Interest-bearing bank borrowings due within 1 year	Interest-bearing bank borrowings due after 1 year	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January 2019	13,266	66	701,654	2,146,549	15,301	2,876,836
Cash flows — financing activities	(281)	8,598	555,636	(15,086)	(15,262)	533,605
Cash flows — operating activities	21,914	(66)	–	–	–	21,848
Acquisition — lease	–	–	–	–	27,985	27,985
Foreign exchange adjustment	–	–	–	37,468	–	37,468
At 31st December 2019	34,899	8,598	1,257,290	2,168,931	28,024	3,497,742
Cash flows — financing activities	493	1,657	653,224	(1,141,492)	(13,966)	(500,084)
Cash flows — operating activities	270	–	–	–	–	270
Acquisition — lease	–	–	–	–	4,033	4,033
Modification — lease	–	–	–	–	(8,427)	(8,427)
Foreign exchange adjustment	–	–	–	(134,631)	(226)	(134,857)
At 31st December 2020	35,662	10,255	1,910,514	892,808	9,438	2,858,677

40 FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. The contingent liabilities in respect of financial guarantees on mortgage facilities amounted to RMB1,478,624,000 (2019: RMB1,791,563,000) as at 31 December 2020. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owned by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The Group's guarantees period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and their obligations are well covered by the value of the properties and therefore the fair value of financial guarantees is immaterial.

Except for the financial guarantees as disclosed above, the Group had no material contingent liabilities as at 31 December 2020.

41 CONTRACT ASSETS

As at 31 December 2020 and 2019, the balance of contract assets related to a service concession agreement, is under the financial asset model. The Group is required to construct river-regulating facilities in the first two years and provide river maintenance service for the subsequent thirteen years in Zhuhai City.

When the construction progress is certified and the Group has an unconditional right to receive cash or other financial assets from the local government, the contract assets would be reclassified and measured as receivables under service concession arrangement accordingly. Since the amount is due from the local government, management considers the credit risk is low.

42 COMMITMENTS

(a) Capital commitments

The Group had the following contracted, but not provided for, commitments at the end of the reporting period:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Property, plant and equipment	**250,040**	841,804
Properties under development	**2,456,474**	393,752
Land use right	**–**	353,000
Service concession arrangement	**157,226**	396,051
	2,863,740	1,984,607

The Group entered into an agreement with an independent third party to pay an annual management fee of RMB24,000,000 for a period of 90 months till June 2021 for management of the property development project of the Group. As at 31 December 2020, total management fee commitment falling due as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Within one year	**12,000**	24,000
In the second to fifth years, inclusive	**–**	12,000
	12,000	36,000

42 COMMITMENTS *(Continued)*

(b) Operating lease commitments

As lessor

The Group leases certain of its leasehold buildings and sub-leases certain of its leased premises under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 December 2020, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Within one year	**12,408**	19,147
In the second to fifth years, inclusive	**29,774**	43,857
After five years	**20,269**	33,357
	62,451	96,361

43 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of business between the Company and its related parties, and the balances arising from related party transactions in addition to the related party information shown elsewhere in these financial statements.

As at 31 December 2020, the Company's controlling shareholder is ZJ Holdings, which is a state-owned enterprise established in the PRC. As at 31 December 2020, ZJ Holdings' equity interest in the Company was 61.50% (31 December 2019: 42.20%). The transactions with related parties were conducted in the ordinary and usual course of business in accordance with terms agreed between the Group and its related parties.

43 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Significant related party transactions

Name	Relationship with the Company	Nature	Year ended 31 December 2020 RMB'000	2019 RMB'000
Zhuhai Jiuzhou Passenger Port and Development Co., Ltd. ("Jiuzhou Passenger Development Company")	A subsidiary of ZJ Holdings	Expenses for port service	**2,616**	8,378
		Dredging expenses	**398**	–
		Interest expense of lease liabilities	**20**	76
		Addition of right-of-use assets	**63**	–
ZJ Holdings	Controlling shareholder	Short-term lease payments	**1,304**	5,052
		Management fees	**561**	1,735
		Interest expenses of lease liabilities	**94**	401
		Addition of right-of-use assets	**–**	252
		Rental income	**–**	20
		Compensation (Note 14(b)(i))	**19,000**	–
Zhuhai Jiuzhou Travel Transport Co., Ltd. ("Jiuzhou Travel Transport")	An associate of ZJ Holdings	Sales of diesel and petrol	**491**	3,502
		Interest expenses of lease liabilities	**12**	2
		Addition of right-of-use assets	**–**	314
Zhuhai Wanshan Port Co., Ltd. ("Wanshan Port Company")	A joint venture of ZJ Holdings	Commission expenses	**2,239**	12,381

43 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Significant related party transactions *(Continued)*

Name	Relationship with the Company	Nature	Year ended 31 December 2020 RMB'000	2019 RMB'000
Zhuhai Jiuzhou Blue Seajet Investment Holdings Co., Ltd. (formerly known as Zhuhai Jiuzhou Shipping Co., Ltd)	A subsidiary of ZJ Holdings	Variable lease payments	**2,018**	10,806
		Short-term lease payments	**3,885**	848
		Interest expense of lease liabilities	**122**	438
		Addition of right-of-use assets	**–**	15,799
		Sales of diesel and petrol	**–**	2,431
		Service income	**2,468**	–
		Service fee	**537**	–
Zhuhai Jiuzhou Navigation Culture Co., Ltd	A subsidiary of ZJ Holdings	Sponsorship expenses	**472**	–
		Berthage	**–**	90
		Dredging expenses	**6,124**	–
		Selling expenses	**199**	–
		Short-term lease payment	**347**	–
Zhuhai Jiuzhou Property Management Co., Ltd	A subsidiary of ZJ Holdings	Cleaning expenses	**4,262**	2,594
		Management expenses	**1,267**	420
		Rental income	**114**	67
三亞藍色幹線旅遊發展有限公司	An associate	Rental income	**6,406**	6,941
珠海市珠澳輪渡有限公司	A joint venture	Purchase of vessel	**–**	2,405
		Sales of vessel	**–**	2,253
珠海天志發展置業有限公司	A joint venture of ZJ Holdings	Sales of diesel and petrol	**239**	350
		Rental income	**90**	–
珠海九洲酒店管理有限公司	A subsidiary of ZJ Holdings	Consultation fee	**120**	348

43 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Significant related party transactions *(Continued)*

Name	Relationship with the Company	Nature	Year ended 31 December 2020 RMB'000	2019 RMB'000
珠海九洲開發建設有限公司	A subsidiary of ZJ Holdings	Management fee	**567**	–
珠海九洲建設投資控股有限公司 (formerly known as 珠海九洲文化產業投資發展有限公司)	A subsidiary of ZJ Holdings	Interest expense of lease liabilities	**53**	95

(b) Other transactions with related parties

During the year ended 31 December 2020, right-of-use assets on port facilities granted by ZJ Holdings to Jiuzhou Port Company were derecognised based on mutual agreement with ZJ Holdings (Note 14(b)). In December 2020, ZJ Holdings has provided interim building facilities to Jiuzhou Port Company for free.

(c) Key management compensation

	Year ended 31 December 2020 RMB'000	2019 RMB'000
Salaries, allowances and benefits in kind	**2,392**	3,177
Pension costs — defined contribution plans	**149**	267
	2,541	3,444

43 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Year-end balances

In addition to those disclosed elsewhere, particulars of the amounts due from/(to) related companies and a shareholder are as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Loan to an associate		
深圳市機場高速客運有限公司 (Note (a))	**15,000**	15,000
Less: Loss allowance	**(5,961)**	–
	9,039	15,000
Amounts due from related companies:		
Amounts due from associates:		
深圳市機場高速客運有限公司	**6,021**	5,964
珠海市九洲快運有限公司	**40**	40
三亞藍色幹線旅遊發展有限公司	**6,982**	7,584
	13,043	13,588
Amount due from a joint venture:		
珠海市珠澳輪渡有限公司	**4,381**	4,498
Subsidiaries of ZJ Holdings:		
北京幸福城酒店有限公司	**–**	71
珠海國際賽車場有限公司	**11**	7
珠海九洲建設投資控股有限公司 (formerly known as 珠海九洲文化產業投資發展有限公司)	**–**	2
珠海九控投資有限公司	**9**	–
	20	80
Joint ventures of ZJ Holdings:		
Wanshan Port Company	**809**	1,308
珠海天志發展置業有限公司	**90**	45
	899	1,353
Total	**18,343**	19,519
Amount due from a shareholder:		
Current portion	**2,334**	–
Non-current portion	**4,668**	–
ZJ Holdings (Note (b))	**7,002**	–

43 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Year-end balances *(Continued)*

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Amounts due to related companies:		
Amount due to an associate:		
珠海旅遊天地網絡有限公司	**(35)**	(35)
Subsidiaries of ZJ Holdings:		
珠海九洲城市中央公園發展有限公司 (formerly known as Zhuhai Holding Resort Co., Ltd.)	**(6,636)**	(6,886)
珠海九洲綠道旅遊有限公司	**(438)**	(459)
日昇金舫旅遊有限公司	**(1,485)**	(1,485)
Zhuhai Jiuzhou Blue Seajet Investment Holdings Co., Ltd. (formerly known as Zhuhai Jiuzhou Shipping Co., Ltd.)	**(202)**	(9,868)
Zhuhai Jiuzhou Property Management Co., Ltd.	**(2,574)**	(599)
Jiuzhou Passenger Development Company	**(21,595)**	(14,383)
珠海九洲開發建設有限公司	**(1,031)**	–
Others	**(715)**	(524)
	(34,676)	(34,204)
An associate of ZJ Holdings:		
Jiuzhou Travel Transport	**(951)**	(660)
Total	**(35,662)**	(34,899)
Amounts due to a shareholder:		
ZJ Holdings	**(10,255)**	(8,598)

Notes:

(a) The amount was unsecured, interest bearing at effective interest rate of 5.225% (2019: 5.225%) per annum and receivable on 30 April 2024. Provision of loss allowance of RMB5,961,000 (2019:Nil) was provided during the year ended 31 December 2020.

(b) The amount was unsecured and interest-free. RMB2,334,000 was receivable within one year and remaining RMB4,668,000 was receivable in 2022 and 2023.

(c) Except for the loan to an associate and the amount due from a shareholder, the balances with related companies and amounts due to a shareholder were unsecured, interest-free and repayable or receivable on demand as at 31 December 2020 and 2019.

43 RELATED PARTY TRANSACTIONS *(Continued)*

(e) Lease liabilities related to related companies

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Subsidiaries of ZJ Holdings:		
Zhuhai Jiuzhou Blue Seajet Investment Holdings Co., Ltd. (formerly known as Zhuhai Jiuzhou Shipping Co., Ltd.)	**–**	(6,965)
Jiuzhou Passenger Development Company	**(53)**	(964)
珠海九洲建設投資控股有限公司 (formerly known as 珠海九洲文化產業投資發展有限公司)	**(643)**	(1,570)
	(696)	(9,499)
An associate of ZJ Holdings:		
Jiuzhou Travel Transport	**(212)**	(303)
Amounts due to a shareholder:		
ZJ Holdings	**(350)**	(7,771)
Total	**(1,258)**	(17,573)

(f) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by state-owned enterprises. During the period, the Group had transactions with state-owned enterprises including, but not limited to lease of port facilities and properties.

For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs.

43 RELATED PARTY TRANSACTIONS *(Continued)*

(f) Transactions and balances with other state-owned enterprises in the PRC *(Continued)*

Nevertheless, the Directors consider that transactions with other state-owned enterprises are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other state-owned enterprises are ultimately controlled or owned by the PRC Government. The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are state-owned enterprises. Having due regard to the substance of the relationships, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

44 EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

(a) On 22 January 2021, Longway Services Group Limited, a wholly-owned subsidiary of ZJ Holdings, which is a shareholder of the Group, put forward a proposal for the privatisation and withdrawal of the Group's listing status at a price of HK$3.06 per share. A joint announcement was published by Longway Services Group Limited and the Group on 22 January 2021 for shareholders information.

(b) The Company entered into a loan facility of up to HK$300,000,000 (approximately RMB252,492,000) with a bank and drew down HK$285,000,000 (approximately RMB239,867,000) on 12 March 2021.

(c) The Company entered into a term loan facility of up to HK$500,000,000 (approximately RMB420,820,000) with a bank on 26 March 2021.

45 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**10**	30
Interests in subsidiaries	**2,977,134**	3,138,337
Right-of-use assets	**682**	2,668
Financial asset at fair value through other comprehensive income	**6,396**	8,152
Restricted bank balances	**–**	8,971
Total non-current assets	**2,984,222**	3,158,158

45 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(a) Statement of financial position of the Company *(Continued)*

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
CURRENT ASSETS		
Securities measured at fair value through profit or loss	**240**	287
Deposits and other receivables	**888**	683
Restricted bank balances	**11,722**	106,194
Cash and bank balances	**179,457**	104,431
Total current assets	**192,307**	211,595
Total assets	**3,176,529**	3,369,753
CURRENT LIABILITIES		
Accrued liabilities and other payables	**4,308**	4,320
Interest-bearing bank borrowings	**1,552,552**	581,748
Lease liabilities	**709**	1,957
Total current liabilities	**1,557,569**	588,025
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**251,205**	1,258,977
Lease liabilities	**–**	755
Total non-current liabilities	**251,205**	1,259,732
Total liabilities	**1,808,774**	1,847,757
EQUITY		
Share capital	**142,874**	142,874
Reserves (Note (b))	**1,224,881**	1,379,122
Total equity	**1,367,755**	1,521,996
Total equity and liabilities	**3,176,529**	3,369,753

45 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserves movement of the Company

	Contributed surplus RMB'000	Share premium RMB'000	Financial asset at fair value through other comprehensive income revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
For the year ended 31 December 2020						
Balance at 1 January 2020	**672,431**	**851,806**	**1,221**	**(146,633)**	**297**	**1,379,122**
Loss for the year	**–**	**–**	**–**	**–**	**(64,403)**	**(64,403)**
Fair value loss on financial assets at fair value through other comprehensive income	**–**	**–**	**(1,333)**	**–**	**–**	**(1,333)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(88,505)**	**–**	**(88,505)**
At 31 December 2020	**672,431**	**851,806**	**(112)**	**(235,138)**	**(64,106)**	**1,224,881**

	Contributed surplus RMB'000	Share premium RMB'000	Financial asset at fair value through other comprehensive income revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
For the year ended 31 December 2019						
Balance at 1 January 2019	672,431	851,806	1,661	(180,273)	85,673	1,431,298
Loss for the year	–	–	–	–	(60,246)	(60,246)
Fair value loss on financial assets at fair value through other comprehensive income	–	–	(440)	–	–	(440)
Exchange differences on translation of foreign operations	–	–	–	33,640	–	33,640
2018 final dividend paid	–	–	–	–	(25,130)	(25,130)
At 31 December 2019	672,431	851,806	1,221	(146,633)	297	1,379,122

PROPERTIES UNDER DEVELOPMENT

Location	Use	Site area (sq.m.)	Approximate gross floor area (sq.m.)	Stage	Attributable interest of the Group
South of Jintang East Road, East of Jinfeng Road, Tangjiawan, Hi-tech Development Zone, Zhuhai City, Guangdong Province, the PRC	Commercial/ residential	788,400	718,316	Construction commenced and partially completed	60%

FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

RESULTS

	Year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
REVENUE	**9,862,623**	11,812,280	9,248,350	3,835,638	4,220,321
PROFIT BEFORE TAX	**974,558**	936,467	1,003,559	368,580	458,725
Income tax expense	**(735,796)**	(656,139)	(606,715)	(210,632)	(236,673)
PROFIT FOR THE YEAR	**238,762**	280,328	396,844	157,948	222,052
Profit attributable to:					
Owners of the Company	**44,353**	81,069	177,028	61,479	72,584
Non-controlling interests	**194,409**	199,259	219,816	96,469	149,468
	238,762	280,328	396,844	157,948	222,052

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Total assets	**13,801,169**	13,407,145	12,319,806	11,933,802	11,341,323
Total liabilities	**(9,960,103)**	(9,869,186)	(9,001,471)	(8,922,673)	(8,295,794)
Non-controlling interests	**(1,756,525)**	(1,563,455)	(1,371,540)	(1,164,490)	(1,213,043)
	2,084,541	1,974,504	1,946,795	1,846,639	1,832,486

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